U.S. News & World Report

United States News ® World Report ®

AUGUST 19, 1955 20 CENTS

WHY BORROWING WILL BE HARDER

PURDUE UNIVERSITY
AUG 15 1955

EXPOSING—

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Story of a world-wide system of espionage
As told by E. H. COOKRIDGE,
Former British secret-service a

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In ancient times, the ordinary man would have been risking his life had he dared to wear purple. Derived with great labor from a Mediterranean mollusk, purple dye was so hard to come by that its use was restricted to royalty.

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How a speck of crystal is changing your life—your world

Advances so startling that only ten years ago they might have been subjects for science fiction are being chalked up by electronics—the fast-growing industry that harnesses electrons with vacuum tubes and their equivalents. More and more, as human impulses prove too slow to control the latest tools of science and industry, miniature tubes and semiconductor devices, such as 1/10 oz. transistors are taking over.

Today new radars keep tabs on storms and hurricanes, bring in ships and planes. Promised for the future is an electronic unit to lead the blind. Other devices now perform elaborate record-keeping tasks for business.

As the electronic microscope and betatron point to victory over dread diseases, another electronic instrument makes blood counts in seconds. Equipped with tiny transistors, midget radios run for years. New solar batteries take their power from the sun. TV programs recorded on magnetic tape, light amplifiers, electronic air conditioning and other appliances are in various stages of development.

Some of the most impressive work of electronics shows up in industrial controls—"black boxes" packed with electronic magic—which direct rivers of steel, guide precision drilling, measure metal thickness and detect flaws.

Guided by self-reliant enterprise, the electronics industry has already found ways to lighten man's tasks and lengthen his leisure, to entertain, defend and heal him. Only in a free competitive system can progress take such giant strides, achieving so much good for so many to share.

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★ How Captured Britons Were Tortured by Reds

Here is the official, documented account of mistreatment of British prisoners of war in Chinese Communist camps. This British Government statement relates in detail how these captives were subjected to pressures ranging from threats to inhuman cruelties. It measures, too, effectiveness of the Reds' technique. Page 94.

★ Where Segregation Gets Its First Real Test

This is an on-the-spot survey by *U.S. News & World Report* of what's happening in two school districts where the Supreme Court's order has been served on local boards. Page 51.

★ Is Harriman Nosing Out Stevenson Now?

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THE UNITED STATES NEWS

WORLD REPORT

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The March of the News

THE EX-PRESIDENTS

IT WAS A BIG WEEK for the nation's two living former Presidents. Herbert Hoover celebrated his 81st birthday with a nostalgic visit to his boyhood haunts. At the invitation of Oregon officials, he attended the dedication of his childhood home in Newberg, Oreg., as a national shrine, heard his name given to a city park and a highway, and made an address [see page 62]. Then the Republican President of 1929-33 headed for one of his favorite trout streams.

Democrat Harry S. Truman, meanwhile, announced publication plans for his memoirs. The first volume, covering the period from his birth in 1884 through 1945, will go on sale November 2. The second volume, covering the years 1946 to 1953, is scheduled for publication next February. Price will be $5 per volume, or $8.50 for both. Completion of the memoirs, Mr. Truman said, would enable him to "get back to whatever political work the Democratic Party wants me to do."

RED JOKER?

THERE WERE INDICATIONS that Russia's Communist Party boss, Nikita S. Khrushchev, had let his sense of humor run away with him. At the Big Four Conference in Geneva, Mr. Khrushchev had confided to President Eisenhower: "Do you know that Zhukov's daughter is getting married on Saturday?" Soviet Defense Minister Georgi Zhukov was a wartime comrade of the President's. Mr. Eisenhower promptly presented his old friend with two wedding presents for his daughter—a portable radio and a fountain pen with a marble holder.

Last week the Amsterdam newspaper *De Telegraaf* proclaimed the whole episode a practical joke by Mr. Khrushchev. Said the newspaper: U. S. Ambassador Charles Bohlen, making inquiries in Moscow, had been unable to discover where Zhukov's daughter was married, or to whom—in fact, had been unable to discover whether the Soviet Marshal even had a daughter.

BIG LITTLE ELECTION

THE ONLY Communist nation on this side of the Iron Curtain was having an election. San Marino is a nation of 23 square miles, in the Apennine Mountains of Italy. Its 6,000 eligible voters have approved Communist governments ever since 1945. At the last previous election, in 1951, the tiny nation swung to the left by just 120 votes—many of them cast by expatriates carted in from France and Italy by the Reds.

This time, the anti-Communists also were set to do some carting. Sixty-nine San Marinans who now live in the U. S. were gathered from Detroit, New York and Sandusky, Ohio, and flown back home to vote. Object of the trip:

"To give heart to the many hundred independent voters who have accepted Communist control as inevitable."

POLIO GRIPS HARD

MASSACHUSETTS DECLARED a polio epidemic as the State's cases for this year climbed above 1,100—more than its total for all 1954. Boston hospitals were hard-pressed to care for more than 500 cases from the city and nearby New England areas. Scores of mothers donned surgical masks and took over routine nursing duties.

State officials reported 23 cases among the 160,000 children who received single shots of Salk vaccine this year, and one case among the 20,000 children who received two shots last year and a booster shot this spring.

On hand were 32,000 more shots of Salk vaccine for use on children, but the State public-health department advised against giving the vaccine during the current outbreak.

UNREFRIGERATED COLD?

FROZEN FOODS now can be shipped for long distances without any refrigeration on the way, according to one company. Libby, McNeill & Libby, fruit and vegetable packers, announced they are sending 6,000 pounds of frozen foods from Chicago to Venezuela by the new method. Sealed in a six-foot aluminum cube, the food is expected to remain at temperatures well below zero for more than a month.

Secret of the new process: liquefied nitrogen, which brings the packages of frozen food down to 150 degrees below zero before shipping.

(CENSORED)

THE MOSCOW CORRESPONDENT of the *New York Times* filed a cheery story on a Monday. There were signs, he said, that the Soviet Union was easing up on censorship of news dispatches.

It was Wednesday when the *Times* printed the story. Explained the editors: "(Part of this dispatch was filed Monday, but was delayed by the censor.)"

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BELL TELEPHONE SYSTEM

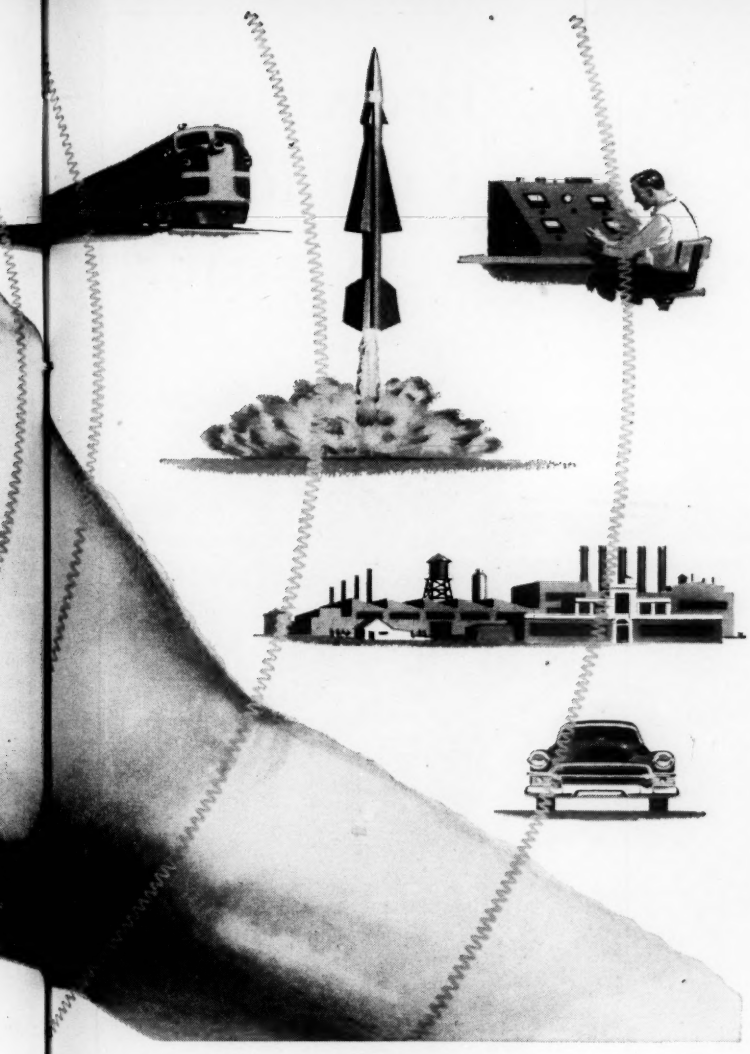
Bendix Electronic Devices of vital tasks for every

Necessity was surely the mother of electronics. Broadly speaking, man's progress in science and mechanics was rapidly outstripping his physical and mental ability to employ his developments efficiently, and so he harnessed the electron and made it do thousands of both menial and extremely vital tasks for him—ranging from calling foul-line errors on bowlers to reporting what goes on in a guided missile in flight.

In the latter case, for example, within the span of a two-minute flight period at speeds of thousands of miles per hour, Bendix electronic telemetering equipment transmits simultaneously over one hundred different categories of information back to the ground. This information would be valueless, of course, if Bendix had not also developed high-speed electronic receiving and recording equipment, as well as digital and analogue computers to quickly catalog this fund of knowledge which otherwise might involve months of labor by expert mathematicians.

Relatively speaking, electronics is in its infancy. Yet every hour every day it performs new jobs more efficiently. And the future looks particularly bright because of its broad, almost universal, application.

We cannot possibly describe in this small space the great variety of Bendix electronic devices. Listed at the right are some of the electronic products we have developed and manufacture for the aviation, automotive, railroad, marine, communications, television and other



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- Automatic pilots for planes and boats
- Automobile radio receivers
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  - Rectifier
  - Spark gap
  - Voltage regulator
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- Flight path control systems
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- Magnesyns*
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- Marine depth recorders
- Marine radio
- Marker beam receivers
- Micro-wave radio
- Missile guidance systems
- Mobile radio
- Navigation computers
- Nuclear density gauges
- Omni-range equipment
- Optimum flight condition indicators
- Overvoltage protectors
- Polar Path Compass*
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- Pressure altitude pickups
- Propeller governor controls
- Radar antenna stabilizers
- Radar systems
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Tomorrow®

A LOOK AHEAD

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As a result of controls now being applied to the growing boom:

Boom itself is likely to cool off gradually. Rate of rise will slow.

Leveling out of activity, by late 1955, is more probable than decline. Orders placed, building contracts let will underwrite high activity till then.

Recession, decline of any size, seems unlikely after that.

However, much will depend upon the reaction of bankers and businessmen to attempted boom controls. If warnings against speculation are heeded, then good times will spread out, excesses will be avoided. If warnings are not heeded, money controls will tighten more, and a little jolt might result.

Back of moves now made is an attempt to avoid a real boom and bust.

Bankers are cautioned to be more conservative in lending. Businessmen are given a signal not to borrow heavily to build inventories. Builders are told, in effect, to go slower with speculative building. Industrialists are denied, at least temporarily, the privilege of rapid write-off through tax deductions of the cost of future new plant and equipment.

Government is saying, in effect: Control yourself, don't get excited. With a little restraint, these good times can be made to last a long while.

If boom controls work now as they did in 1948 and in 1953:

Stock-market prices, in that event, have about reached their highs.

Business activity will reach its peak not later than fourth quarter of 1955. Total spending, on that basis, will reach a peak about the same time.

Mild slowing in spending and activity will follow in 1956.

That's if history repeats itself, as it seems unlikely to do.

There are these differences from those other periods of tightening:

In 1948, output of industry and activity in business had been under way nearly three years. Inventories were built to high levels. Stock-market prices had been in a minor-cycle rise since late 1946. Credit controls took hold toward the tag end of a broad postwar rise in business.

In 1953, activity of industry and the level of business had been rising more than three years. Inventories again were high. Credit controls took hold at a time when war was ending and Government spending cuts were to start.

In 1955, the present boom has been under way only 10 months. Orders to manufacturers are in a strong upward trend. Construction contracts are high. Inventory accumulation relative to spending for goods is lower than in 1948 or 1953. These factors underwrite a high level of production and of business activity for a number of months, regardless of tighter controls on money.

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It is unlikely, in other words, that there will be a repeat performance on the experience of 1948 and 1953--at least over months just ahead.

When money tightening did take hold in past periods, results were these:

In 1949, output of industry was down 9 per cent from the 1948 high. Total spending declined 3 per cent. Stock prices fell 16 per cent.

In 1954, following 1953 controls, output of industry had fallen by 10 per cent. Total spending declined 3 per cent. Stock prices fell 13 per cent.

What you got in each case was a mild adjustment. The objective this time is not to bring about declines of activity or prices, but rather to slow the rise and to prolong the period of high-level activity.

Now to show you what it is that is bothering the planners:

Bank loans rose to 4.6 billions in first half, 1955. This rise is far more than in any comparable period since World War II. Business borrowing shot up in this same period when it usually declines. Real estate loans exceeded by a large amount those for the first half of any year since the war. Individual loans, while up sharply, had shown sharper rises in first halves of 1950 and 1953.

Stock prices by July, 1955, had risen 83 per cent from September, 1953. Yields on stocks, as a result, were not far above those from high-grade bonds. Any sudden jolt to business, and there might be a severe decline in equities.

Prices of goods and services, both at retail and wholesale, are little changed from a year ago despite the record rise in loans.

What that means is this: Planners are concerned with the potential of price inflation, not with price inflation itself. They are not seeking to bring about a downward trend in prices. They desire, primarily, to get under control the trend toward a very great further rise in borrowing.

Moves affecting business, being made now, relate to 1956.

Runaway boom at this time could mean a bust before November, 1956.

A boom controlled may assure good times for the election.

Good times are as near a guarantee as there is of success at the polls. Good times plus peace almost always has made an unbeatable combination.

A Republican Administration will try its best to survive.

Eisenhower sincerely desires to be a one-term President. Ike, if he could choose, would announce next March a decision to retire.

Eisenhower's wishes, however, will be subject to the greatest counter-pressures. Chances still are that he will yield to pressures and be drafted.

Eisenhower and Nixon, in that case, will be the ticket.

Without Eisenhower, the scramble would be intense. Nixon, Knowland, Knight, Herter, Dirksen, Bricker are among names that would be in the air.

Stevenson, for the Democrats, is far from a sure thing. Harriman, with New York's vote sure, is on the way up. Kefauver will make his bid again in the primaries, but faces high hurdles. It's likely to be between Stevenson and Harriman, with the outcome anybody's guess as of now.

Democrats, to win, count on two things: One is that Ike will not run; the other is that the boom will turn to bust before November of next year.

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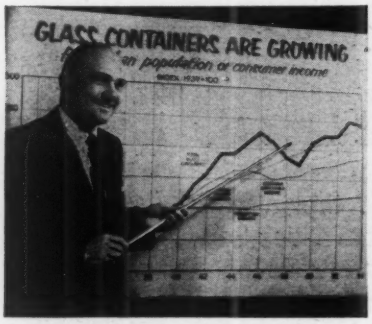
1 **Royden A. Blunt** (right), president, and Victor L. Hall, general manager of the Glass Container Manufacturers Institute, Inc. (GCMI), discuss the steady rise in glass packaging. Says President Blunt, "Glass lets you see what you buy. And glass jars and bottles are better and stronger than ever today, thanks to glass-makers' modern, research-developed techniques . . . and to cooperative suppliers." Quality control of Wyandotte's raw-material chemicals helps write a key chapter in the continuing success story of glass containers. Wyandotte also serves the plate glass industry . . . is an important supplier to other chemical makers.



2 **R. L. Cheney,** GCMI marketing director, shows U.S. use of glass containers is growing faster than population and income. Important benefits of glass are its purity and clarity—assured by high-quality chemicals, such as Wyandotte soda ash.

3 **Modern,** automatic glass-blowing machines turn out bottles and jars as fast as 250 units per minute. As a producer of raw-material chemicals, Wyandotte also serves the chemical, paper, soap, detergent, rubber industries—to name a few.

4 **In 1954,** glass manufacturers packed and shipped nearly 18 billion new glass containers of all sizes and shapes. Annual retail sales are four times this figure due to huge re-usable-container sales in many industries. Glass is rugged; travels well.

There's a story on Wyandotte chemistry at work behind the . . .

big boom in bottles

ANCIENT Egyptians first crafted glass containers more than 4000 years ago by winding molten glass threads around a core of sand. Through the centuries, glass has proved to be the most versatile and indispensable material for packaging ever devised.

Today, continuing research programs keep apace of the ever-increasing demand for glass containers – with better and faster manufacturing methods, modern styling, technical improvements. The demand is great: last year alone, U.S. sales reached a total of 73.1 *billion* glass-packed units—beverages, foods, cosmetics, medicines, chemicals—an average of 454 containers per capita . . . a boom with the end nowhere in sight!

Wyandotte has been a working partner in the glass industry for more than 64 years, supplying raw-material chemicals and technical assistance—as well as specialized washing and sanitizing products. Fact is, in practically every industry you can name, Wyandotte chemicals – organics and inorganics – play a vital role. How about *your* business – may we serve you? *Wyandotte Chemicals Corporation, Wyandotte, Michigan. Offices in principal cities.*

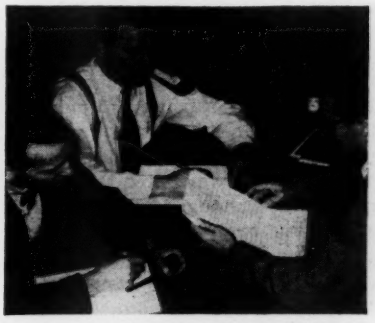
Wyandotte CHEMICALS

REG. U. S. PAT. OFF.

Organics, Inorganics —World's largest manufacturer of specialized cleaning products for business and industry

5 **Glass containers** have great sales appeal; are clean, durable, easily handled. Wyandotte not only supplies chemical raw materials for glassmakers, but is a major manufacturer of specialized washing and sanitizing products for dairies, bottlers.

6 **Glass is an ideal** packaging material for all the various types of foods and beverages that you consume every day. Because glass is chemically inert, nonporous, and odorless, it is indispensable, too, for medicines, chemicals, cosmetics.



7 **Want a conference** on your chemical needs? Bring your product or processing problem to us. Our new research center is equipped to give you practical information on the application of the many chemicals within our manufacturing background.

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Big-Four Talks in U. S.? . . . Eisenhower Wants Nixon on 1956 Ticket . . . Farm Prices: Republican Worry

President Eisenhower of late has talked to visitors about Richard Nixon, Vice President, in glowing terms. Mr. Eisenhower has made it clear that, if he accepts a second nomination, Mr. Nixon will be his choice for second place on the ticket.

★ ★ ★

Vice President Nixon probably will make a good-will trip to Russia in November of this year, after a trip to the Middle East.

★ ★ ★

Mr. Eisenhower will not go to Europe again during his present term in office to attend a Big Four meeting. The President is the head of state, with many duties not related to foreign policy. Others in the Big Four are Prime Ministers, a step down from the top, and are men with indefinite tenure.

★ ★ ★

Plans in the conversation stage call for the next Big Four meeting to be held either in New York or Washington. Russia's Bulganin, Khrushchev and Zhukov—itching for a chance to visit U. S.—then could come here without a direct personal invitation from Ike. Political advisers say that it would cost votes if the leaders of Communism came to U. S. alone as guests of the Government in an election year.

★ ★ ★

Both U. S. and Soviet Russia had political experts cruising around the "atom" conference in Geneva, watching for chances to do some exploring of viewpoints. It was noted that these experts had exchanged greetings and were edging toward contacts before the conference was far along.

★ ★ ★

Gen. Alfred Gruenther approved withdrawal of French forces from the North Atlantic Treaty Organization for transfer to North Africa, thereby weakening Western defenses. General Gruenther, however, agreed to the move on condition that replacement forces would be built up. The build-up has not followed.

★ ★ ★

American officials quietly suggested to the French that it would be unwise to send heavy, American-made equipment with French forces going to North Africa. They feared such action would provide a propaganda weapon for Communists seeking to inflame the people of Morocco and the Arab states.

★ ★ ★

Lester Pearson, Canada's Foreign Minister, is busy again promoting a deal that would give Nehru's India the seat in the United Nations Security Council now held by Nationalist China—at the same time giving Communist China the U. N. membership in the Assembly now held by the Chiang Kai-shek Government.

★ ★ ★

Adlai Stevenson, who is expected to announce in November his candidacy for the Democratic presidential nomination, is finding it necessary to counter the impression that his health is not robust. Mr. Stevenson has been troubled with kidney stones and is recuperating from a recent bout with pneumonia.

★ ★ ★

Averell Harriman's age—one year less than that of Mr. Eisenhower—is being thrown up to him by Stevenson supporters as a reason why he should not aspire to the Democratic nomination. Friends of the New York Governor, in turn, refer to the question of Mr. Stevenson's health. Those who are backing Senator Estes Kefauver, of Tennessee, for the nomination, hint that divorces of Mr. Stevenson and Mr. Harriman may need to be considered.

★ ★ ★

Leaders of the Southern Democrats, in shaping strategy for 1956, are indicating that they will back Adlai Stevenson as the man to stop Averell Harriman and then strive to bring out support for some candidate more conservative than either.

★ ★ ★

High-level Republicans are most concerned about the economic situation in the big farm States. The problem of regaining control of Congress in 1956 admittedly may be affected seriously by the declining trend of livestock prices and the tendency of farm income to slip still lower.

★ ★ ★

John Sherman Cooper, former Kentucky Senator, now Ambassador to India, is being groomed again by Republicans to battle Senator Earle Clements, acting Senate Democratic Leader, for the Senate seat to be open in Kentucky next year. Republicans expect to pick up a seat if the Democrats keep on fighting among themselves in Kentucky.

★ ★ ★

Ezra Benson, Secretary of Agriculture, faces a hard fight in the 1956 session of Congress to keep the Senate from agreeing to a House-passed bill for a return to rigid farm price supports at 90 per cent of "parity."

★ ★ ★

George Humphrey, Secretary of the Treasury, continues to be the most influential of the President's advisers on issues of economic policy. Secretary Humphrey prevailed in the latest arguments over whether the time had come when tighter money was called for to slow down the boom.

▲ *"Crazylegs" visits the 7th grade classroom of Miss Mary Fogarty (far right) at Wausau's Lincoln School. Mr. Hirsch, star of the movie "Crazylegs All-American" will soon appear in Hall Bartlett's production "Unchained."*

"CRAZYLEGS" HIRSCH'S

Wausau Story

ELROY HIRSCH, All-American football great, visits his home town and tells this story

I CAN'T answer the old question of whether an athlete is born or made. But I do know that where you're raised counts for a lot, and I'm mighty glad that my home town was Wausau. I know that having lived in Wausau and gone to school there helped me get the most out of myself.

Recently I went back to Wausau and visited some of the people who had an important influence on me. Like Win Brockmeyer, football coach at Wausau High. Win has the great record of 123 victories and 9 losses. He's had a lot of offers to go into college coaching, but he stays in Wausau.

I visited my grade-school teacher, too, Miss Mary Fogarty, at Lincoln School. Her first question had nothing to do with football. It was, "Elroy, are you still a good boy?" That shows the kind of person she is and accounts for the really good influence she was on so many of us Wausau kids.

When I think of whatever success I've had, I go back to people like these. They're fine people. I'm not what you call a businessman, but I think I know why so many say that the Wausau kind of people are good people to do business with.

Coach Brockmeyer (top, right)...123 victories and 9 losses...a great record!

Employers Mutuals of Wausau are "good people to do business with."

Wausau, in the Chippewa tongue, means "faraway." Trains from Chicago get there in 9 hours. By plane it's 3 hours with the stop at Madison. Yet, Wausau, Wisconsin, is the home of one of the world's most important insurance companies.

Employers Mutuals *started* 43 years ago when a group of lumbermen joined to pay claims of injured sawmill workers. We *stayed* in Wausau because something good had grown up there. A good way of doing business. A company "personality" that people liked and we didn't want to lose.

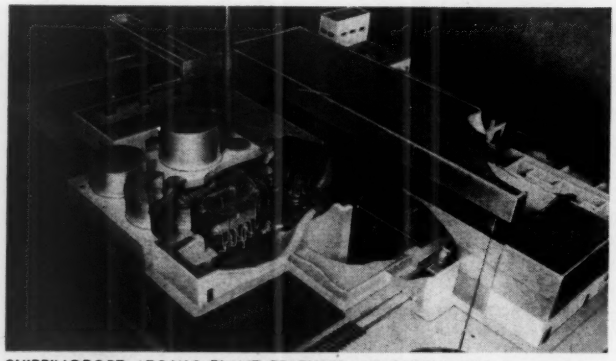
We're a large company today. We write all types of fire and casualty insurance and are one of the very largest in **workmen's compensation.** Whatever insurance you might need, you will find this company has two outstanding reputations that can be of great benefit. One is unexcelled service on claims. The other is an exceptional field force, trained the Wausau way, with whom you deal *directly.*

There's a "little bit of Wausau" in 89 cities throughout the country—the cities where we have offices. In every one you'll find good people to do business with.

Employers Mutuals *of* Wausau

LEAVING PITTSBURGH FOR GENEVA CONFERENCE. Three Westinghouse scientists are official members of the U.S. delegation to Geneva. They are John W. Simpson, manager of the Bettis plant which Westinghouse operates for the Atomic Energy Commission; Dr. Sidney Krasik, senior physicist at Bettis,

WESTINGHOUSE SCIENTISTS RE
ON HOW TO BUILD AN



SHIPPINGPORT ATOMIC PLANT FEATURED AT GENEVA. This is a model of the first U.S. full-scale atomic plant for peacetime electric power production. The atomic reactor is being constructed by Westinghouse for the Atomic Energy Commission; reactor to be operated by Duquesne Light Company, which also will build and operate the electric generating portion of the station.

Facts never before available to the world on how to build one type of atomic power plant for *peacetime electric power* are being told . . . with U. S. Government permission . . . in a series of technical papers by Westinghouse scientists at the International Conference on the Peaceful Use of Atomic Energy at Geneva, Switzerland.

Three Westinghouse scientists, members of the United States delegation to Geneva are official speakers; two other executives complete the five-man Westinghouse group.

One atomic power plant to be exhibited in model form at this Conference is the atomic-electric generating station to be operated by Duquesne Light Company of Pittsburgh at Shippingport, Pa. The atomic reactor for this plant is being constructed by Westinghouse

and Dr. D. E. Thomas, section manager at the Bettis metallurgy department. Heading the Westinghouse delegation are Charles H. Weaver, vice president in charge of all Westinghouse atomic power activities, and Dr. W. E. Shoupp, technical director of commercial atomic power for the company. (Pictured, left to right: Simpson, Weaver, Krasik, Shoupp and Thomas).

PORT TO GENEVA CONFERENCE ATOMIC POWER PLANT

for the Atomic Energy Commission. Duquesne Light Company will build the electric generating portion of the station.

In the official exhibition at Geneva and in the United States Information Bureau's "teaching" exhibit, there are models of Shippingport, built by Westinghouse for the U. S. Atomic Energy Commission. And in the atomic "trade fair" nearby, Westinghouse nuclear equipment for peacetime use is featured.

WESTINGHOUSE...FIRST IN ATOMIC POWER

FIRST industry-owned reactor to test and develop materials and fuels for atomic plants . . . to be built by Westinghouse at Blairsville, Pa. Announced April, 1955.

FIRST atomic engine to drive submarine; U.S.S. Nautilus went to sea January 17, 1955. Westinghouse now working on atomic engines for two additional submarines.

FIRST atomic reactor for full-scale peacetime electric power plant in the U. S. at Shippingport.

FIRST contract to develop atomic engine for large surface ship . . . awarded to Westinghouse, October 15, 1954.

FIRST privately-financed factory exclusively for atomic equipment at Cheswick, Pa. In operation December, 1953

FIRST substantial quantities of useful atomic power produced at the National Reactor Testing Station, Idaho, May 31, 1953. Reactor built by Westinghouse for AEC.

YOU CAN BE SURE.. IF IT'S
Westinghouse

PEOPLE ★ ★ ★

OF THE WEEK

GEN. NATHAN F. TWINING believes that air power is peace power; that a nation's strongest safeguard against surprise air attack is its ability to repulse any invader, retaliate with overwhelming power.

The Air Force Chief of Staff has measured U.S. air power against Russia's; has found this country "still ahead, well ahead, in the kind of air power the Soviets respect." At the same time, he credits recent technological and production achievements by the Russians for the decision to speed up the U.S. air-arming timetable.

General Twining singles out two new fighter planes for special praise. One is the McDonnell F-101 Voodoo, which he calls "great . . . a big plane, almost as big as a bomber." Other sources have described the Voodoo as a very-long-range fighter designed to deliver atomic bombs. The Air Force chief also hails Lockheed's F-104 as "a fighter pilot's dream . . . the fastest, highest-flying fighter in the air, anywhere." This is a smaller, straight-wing jet that can fight at a height of 60,000 feet—more than 11 miles up.

Supporting General Twining's estimate of U.S. Air Force progress, Convair has disclosed that its supersecret B-58 jet bomber is about ready to go into production. The Air Force expects the B-58 to fly faster than any other production plane ever built—at least 1,000 miles an hour "in low gear."

ADLAI STEVENSON is hesitant about announcing his political intentions, says he will decide sometime before the end of November whether to seek the Democratic presidential nomination again next year. Some Democrats believe that November will be too late; that Governor Averell Harriman of New York will have picked up the marbles by then.

Mr. Stevenson has promised to "do what is best for my party." He plans to talk with as many Democratic leaders as possible, try to find out "what a lot of people think." He believes the Democrats are stronger now than when he ran against President Eisenhower in 1952—and lost. He shrugs off talk that he would be afraid to run; says the Democrats have proven their attraction to the voters by winning control of Congress in the elections last year.

Governor Harriman has been acting like a candidate, even while saying he is for Mr. Stevenson—and even while disclaiming presidential ambitions with the statement that the possibility of his running is too "iffy" to talk about now.

Some Southern Governors who attended the Governors' Conference at Chicago last week were cheered by Mr. Stevenson's hesitancy. Governor Allan Shivers of Texas, for example, says he will back "practically anybody"—Democrat or Republican—opposing Mr. Stevenson. That sounds like 1952 all over again.

HURRICANE SPOTTER off to a busy start in the season of the big winds that boil up from the Caribbean is **Gordon Dunn,** chief meteorologist of the Weather Bureau's hurricane-warning service at Miami, Fla.

In an average year—based on records of the last 20 years—there are 10 hurricanes that threaten or actually roar in over the Atlantic or Gulf coast of the U.S. The greatest number hit in September. By the end of last week, Mr. Dunn and the Navy and Air Force pilots who locate and track the big storms had already christened four—Alice, Brenda, Connie and Diane.

Meteorologists blame change in course of high polar air currents for the damaging storms that lashed the Eastern Seaboard last year, left 279 dead, millions of dollars in property damage. They say the shift in the upper air currents has created a new "hurricane alley" in the Northeast for storms that formerly blew themselves out at sea.

The Weather Bureau is spending a half million dollars seeking more accurate means of forecasting hurricanes; is improving its warning system with the use of radar sentinels along the Atlantic Coast from Florida to Maine.

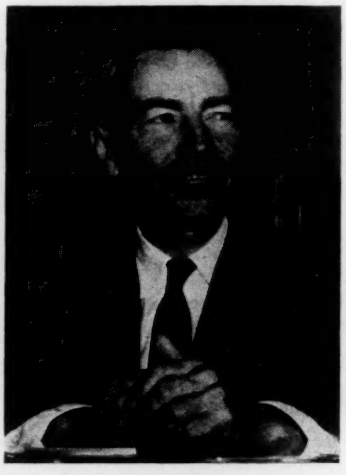
EZRA T. BENSON is packing his grips for a trip to Europe, but not as a tourist. He's going as a traveling salesman. His product: an ever-growing stockpile of U.S. farm surpluses, held in Government storage bins.

The Secretary of Agriculture, who once served as a missionary in England, plans to visit six countries on his two-week "road trip"; will make a major foreign-trade address before an international agricultural forum in Rome on September 9. He expects to talk also with agriculture ministers of Britain, the Netherlands, France, Denmark, Italy and Switzerland, promote U.S. views on the problem of marketing American farm surpluses in world trade.

What Mr. Benson is trying to sell is about 5 billion dollars' worth of wheat, corn, cotton, butter and other items, bought by the Government to keep farm prices up. He will accept foreign currencies—up to a total of 1.5 billions—from dollar-short countries.

Crop surpluses have plagued Mr. Benson ever since he was sworn to office. He succeeded in getting a stubborn Congress to cut support prices to some extent, but not as much as he wanted. With that law just getting into operation, surpluses of some products

(Continued on page 20)



A SPACE PIONEER has been chosen by President Eisenhower as the new Air Force Secretary. **Donald A. Quarles,** 61, has been in the Pentagon since August, 1953, as Assistant Secretary of Defense for Research and Development; has concentrated on guided missiles and the recently announced earth-satellite project.

Mr. Quarles is Arkansas born, soft-spoken, a Yale graduate. He is an engineer, was formerly a Republican mayor of Englewood, N.J.

In an interview published in the August 12 issue of *U.S. News & World Report,* he discussed the latest advances in the "push button" weapons being developed under his direction for U.S. forces.

Are you sure your child is ready for school?

Here they come . . . America's youth . . . ready to start or return to school!

Never before in our nation's history have we had such a bumper crop of school-age citizens. In fact, enrollment this year will soar to more than 33 million students, including almost 4 million who will be off to school for the first time.

Has anything been overlooked that might interfere with their physical and mental well-being . . . or that might handicap them in their studies or affect their attendance?

Fortunately, there is something that all parents can do to make sure that their children are ready for school. They can include a medical check-up on the list of ahead-of-school preparations. A check-up . . . for both youngsters and teen-agers . . . may be the means of correcting unsuspected defects of vision, hearing, posture or general health. Sometimes these defects are at least partially responsible for low grades or emotional troubles.

The physician who has known your child over the years is best qualified to give pre-school medical check-ups because he has a *complete* picture of the child's health. He will also be alert to minor troubles which parents might not notice. Impairments that can be corrected now may avoid more serious trouble later on.

For the child just starting school, it is important that his immunizations against communicable diseases are up to date. In addition to making your child immune to smallpox, diphtheria, whooping cough and tetanus, medical authorities now advise that vaccine lessens your child's chances of getting polio. It is wise to discuss a definite immunization program with your doctor . . . including "booster doses" to renew immunity . . . well before school opens.

During the teen years, when the growing-up process imposes considerable mental and physical stresses, health check-ups are especially needed. Many problems, including those associated with growth and emotional adjustment, often require expert attention. In addition, changes in diet or in habits of play, or sleep, or exercise may be made for the child's benefit.

If medical examinations are not a part of your youngster's preparation for school, why not start them now . . . and continue them throughout the school years? Parents who do so will have the satisfaction of knowing that their child has been given one of the best safeguards for health and happiness during this and future years in school.

Metropolitan offers two booklets on health problems of both younger and older school-age groups. The titles are listed in the coupon below. Just check the booklet you want, and it will be mailed free of charge. If you would like copies of both booklets, simply indicate by checking both titles.

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(A MUTUAL COMPANY)
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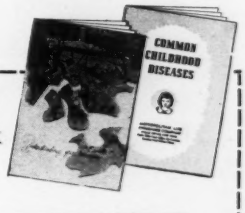

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1 Madison Ave., New York 10, N. Y.
Please send me the free booklet, 955-K
☐ *Understanding Your Teen-ager*
☐ *Common Childhood Diseases*

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Street_____

City_____ **State**_____

still are piling up. Mr. Benson's job is to try to get rid of them.

To experts in world trade, selling these products abroad looks like a rough job indeed. Mr. Benson, a determined man, means to try anyhow.

› **GEN. LYMAN L. LEMNITZER** moved swiftly when South Korean war veterans tried to kidnap Red Polish and Czechoslovak members of the Neutral Nations Supervisory Commission in South Korea, causing riots and endangering U. S. protective troops.

The new U. S. and United Nations commander in the Far East flew to Seoul from his Tokyo headquarters, conferred with South Korea's President Syngman Rhee, let it be known that American forces would be told to "get tough" with the demonstrators if they persisted.

The South Korean Government wanted the armistice inspection teams to close up shop, get out of the country immediately. The U. S., counseling patience, favors a gradual reduction of the Commission's activities until it expires.

General Lemnitzer, who will be 56 this month, took over the Far East Command last spring. He is no stranger to Korea; commanded the U. S. Seventh Infantry Division during the Korean war.

A veteran artillery officer, General Lemnitzer qualified as a paratrooper at the age of 50. He was a member of the American secret submarine mission that landed in North Africa for talks with the French before the 1942 Allied invasion.

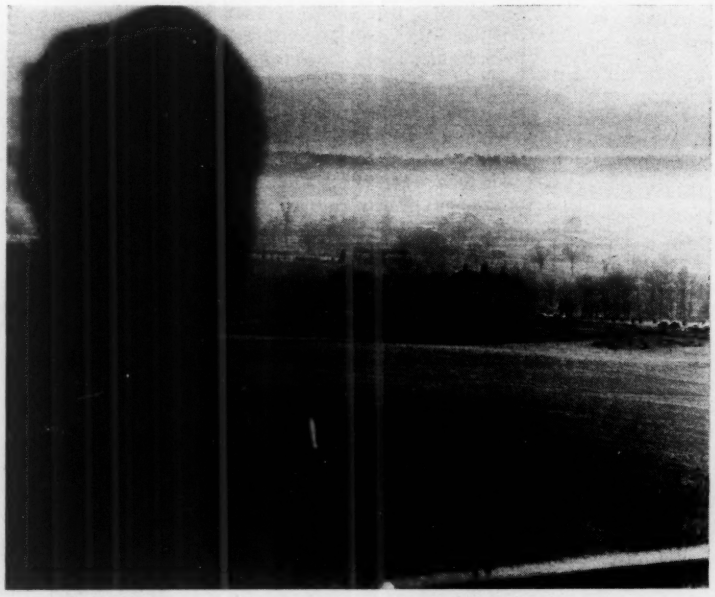
› **A JAPANESE VISITOR,** expected in Washington late this month, served a prison term as a war criminal, emerged to become his country's Foreign Minister. **Mamoru Shigemitsu** will bring to the U. S. a defense-program blueprint calling for expansion of Japan's land forces to 180,000 men within six years. That was the strength of Japan's standing Army in 1931, the year the nation launched its war of conquest in Manchuria.

Mr. Shigemitsu is prepared to assure American officials that Japan wants to maintain its close ties with the U. S. At the same time, he is expected to ask easing of restrictions on trade with Communist areas, particularly Red China; a cut in his country's share of the costs of maintaining U. S. garrison troops.

The Foreign Minister, 67, was the chief Japanese signer of the surrender terms that ended World War II. He was jailed in April, 1946, tried and convicted of participating in war crimes as a Cabinet member of Japan's wartime Government; was released on parole from his seven-year sentence in November, 1950.

The veteran diplomat speaks English fluently, has been in the U. S. several times. He has called his war-crimes conviction "a necessary evil." Mr. Shigemitsu wears an artificial right leg—reminder of an injury suffered when a Korean Nationalist threw a bomb near him in Shanghai in 1932.

VISITORS' VIEW OF IKE'S FARM—GIFTS FILL HOME AND BARN



GETTYSBURG FARM FROM OBSERVATION TOWER

HEIFER IS ONE OF MANY GIFTS

–USN&WR United Press

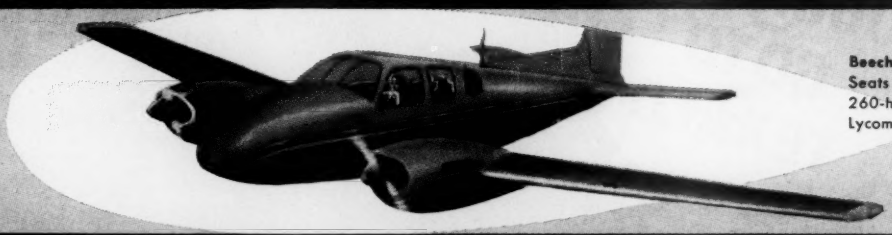
RUNABOUT HAS FRINGE ON TOP

› **PRESIDENT EISENHOWER** shows an increasing preference for his Gettysburg farm over the White House, is spending as much time there as possible. Mrs. Eisenhower likes its air-conditioned comfort so much she is staying on while her husband goes fishing in Colorado this week.

Gifts of livestock, equipment, home furnishings keep pouring in. One that drew special attention is a custom-built Crosley runabout with a fringed canopy and the stenciled names "Ike" and "Mamie" on the fender.

Visitors now can see the Eisenhower farm from a 65-foot observation tower on Gettysburg battlefield. This tower, once closed by Secret Service order, has reopened,

Aero-Commander.
Seats 5 to 7. Powered by two 270-h.p. Lycoming air-cooled, geared engines.



Beechcraft Twin-Bonanza.
Seats 6. Powered by two 260-h.p. air-cooled, geared Lycoming engines.

Grumman Widgeon Conversion. Seats 6. Powered by two 270-h.p. air-cooled, geared engines by Lycoming.

Safest "offices" over earth . . . powered by Lycoming

You are now looking at the "wings" carrying America into a great new era of safe, economical executive transportation. Each of these twin-engine, multi-passenger planes is powered by Avco's Lycoming Division . . . long a leader in the up-to-500-h.p. engine field. Each has the double dependability of *two* air-cooled Lycoming engines—so powerful that the planes can safely fly and land with a full load *on one engine alone.* Small wonder that Lycoming powers 7 out of every 10 of this year's twin-engine executive planes. In the past five years, Lycoming has powered more than 9,000 executive aircraft—both twin and single engine.

To fly any time, any place . . . these are the safest "offices" *over* earth . . . the soundest investments in executive aircraft *on* earth. *For further information, write us on your letterhead. Address Lycoming, Stratford, Conn.*

LOOK TO Lycoming

DIVISION OF AVCO MANUFACTURING CORPORATION

DEFENSE AND INDUSTRIAL PRODUCTS

LYCOMING • AVCO ADVANCED DEVELOPMENT • CROSLEY

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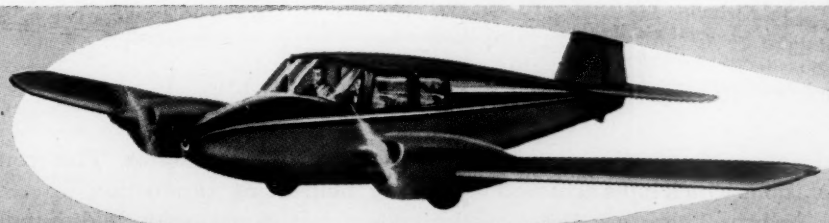
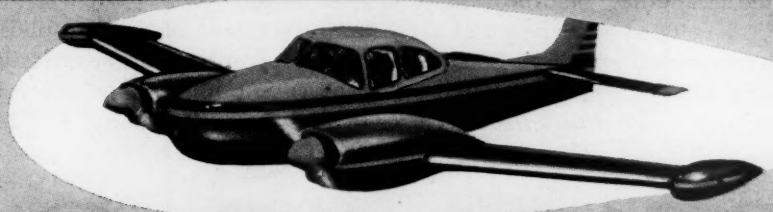
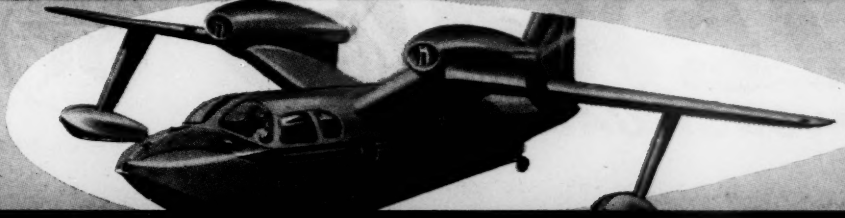


Piper Apache.
Seats 4. Dependably powered by two 150-h.p. air-cooled Lycoming engines.



Riley 55. Seats 4. Powered by two 170-h.p. air-cooled Lycoming engines.



Royal Gull.
Seats 5. Powered by two 270-h.p. air-cooled Lycoming engines.

THE TOUGH JOBS GO TO TEXACO

REPUBLIC AVIATION CORP.

is a big user of compressed air . . . maintains seven air compressors in its Farmingdale, N. Y., plant. Two of them are shown above. All seven are Texaco-lubricated. Here's what Mr. Arthur Kelly, in charge of Republic compressor maintenance, has to say about Texaco: *"For over 12 years, all of Republic's air compressors have been Texaco-lubricated and every one of them has shown a remarkable record for clean, efficient operation. Year after year, valves and lines have stayed remarkably free of carbon deposits and our maintenance costs have been consistently low."*

Each pin represents one of the more than 2000 Texaco Distributing Plants ready to serve you throughout the 48 States.

★ ★ ★

REPUBLIC is just one of the many well-known corporations which have achieved top results with Texaco. There are three good reasons for this wide acceptance: *field-proven* Texaco Lubricants, developed with the aid of the finest research facilities available . . . *field-experienced* Texaco Lubrication Engineers to advise on their use . . . and *fast, efficient service* from over 2,000 Texaco Distributing Plants in all 48 States. This combination can help bring production *up* . . . and costs *down* . . . in every major field of industry and transportation.

One agreement of sale supplies all your plants wherever located. For details, call the Texaco Distributing Plant nearest you, or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

TEXACO

INDUSTRIAL LUBRICANTS

TEXACO

WHY BORROWING WILL BE HARDER

Planners Decide Boom Is Going Too Fast, Try to Slow It

In making loans harder to get, here is what Government really is trying to do:

- **Put a mild check on the boom, keep it from burning itself out.**
- **Spread out demand for goods, assure high prosperity through 1956, maybe longer.**
- **Head off a general rise in prices.**

Borrowed money is feeding the boom a bit faster than officials think safe.

First signs of inflation danger are seen in rapidly rising installment loans, mortgage credit, business loans.

Government isn't alarmed yet, but is playing it safe, trying to guard against a bust.

An effort by Government to apply brakes to the boom is getting under way. This effort is aimed at heading off a rapid rise that might end in a bust.

If successful, the boom controls now being applied are expected to result in a gradual and more prolonged rise in business activity. The goal is to keep business good, without an upset, at least through 1956.

Boom control, once again, is being tried by making money a little harder to borrow.

If you plan to buy a house, the chances are that the required down payment will be a little larger than it would have been a few weeks ago. The mortgage, too, may have to be paid off in 25 years instead of 30. Or, if you are buying a car, a TV set, or anything else on time, you will find terms a bit stiffer.

Businessmen must pay a little more interest if they borrow. It costs more to borrow money to use in buying stocks on margin. Even banks have to pay more to the Federal Reserve Banks when they borrow in order to get funds to lend.

Money control is the device being used to bring about boom control.

Lesson of 1953. The last time money was made harder to borrow, trouble followed. That was in 1953. A boom was under way at that time. To check the boom, the Government adopted what became known as a "hard money" policy. Money became scarce. It later was revealed that banks in some areas had about run out of funds to loan. As money tightened, business slackened and a moderate adjustment followed that ran into 1954.

—Herblock in the Washington Post & Times Herald

"YOU SURE WE DON'T HAVE TOO MUCH AIR IN THE TIRES?"

This time the money controllers plan to move with more caution. Chances are that, at the first sign of a business setback, money again will be made more abundant and cheaper.

The moves to tighten money are being made to achieve these goals:

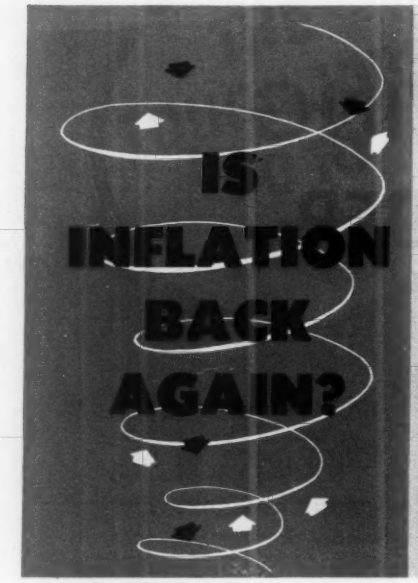
1 To check changes which some high Government officials think may bring a revival of inflation. These officials are alarmed by the tendency of some prices to rise.

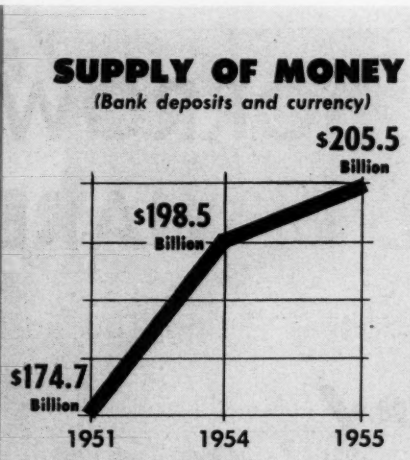
2 To keep rising stock-market prices from generating large-scale speculation.

3 To keep business activity at a high level for a longer time by spreading out the demand for new homes, new cars and other products. There was a feeling that terms for buying with borrowed money were becoming so attractive that too much income might be mortgaged too far ahead.

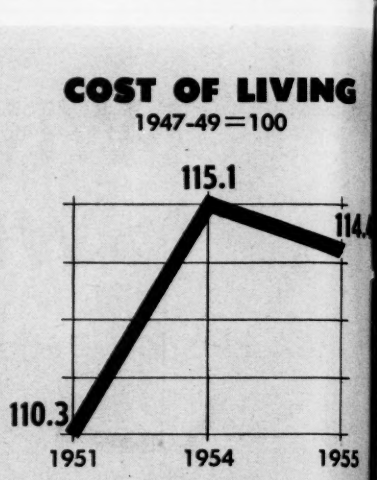
Differing views. Actually, leaders in the Administration differed over the need for the moves that have been taken to make it more difficult to borrow.

High officials of the Treasury and Federal Reserve Board felt that Government had no alternative to putting brakes on borrowing. They saw employers, encouraged by the strong demand for goods, agreeing readily to wage raises that would





Money supply is up 17.6 per cent from 1951, up 3.5 per cent from a year ago.



Living costs are down a little from a year ago.

Source: BLS, Federal Reserve Board

be followed by rises in price. They worried about revived inflation.

Some key economic advisers, however, discounted the threat of inflation and were inclined to avoid any moves that might interfere with the forces at work to provide good business. They argued that speculation on any broad scale was absent and that the level of prices was proving remarkably stable. While wage rates were rising, they saw also that efficiency was rising, with the result that wage costs for each unit of output held fairly even.

The argument for applying brakes won out at the White House.

What happens now is the big question. Within the Government there is a wide measure of agreement that good times will not be interrupted to any great degree. This conclusion is reached both by those who opposed moves to tighten up on money and those who favored tighter money.

The prevailing view is that, while money may be a little less plentiful, there still will be enough to finance the normal needs of business; that, while borrowing may cost a little more, people have more income to meet that cost. The stock market may suffer a temporary reverse, but the outlook is for a rise in dividends that may support a higher level of stock prices later on.

Meanwhile, these Government appraisers cite plenty of evidence for concluding that the boom will continue for several months, at least.

People's incomes are rising and their demand for goods and services of all kinds is increasing. This shows up in mounting sales figures—spurred so far by easy credit—for automobiles, furniture, appliances, shoes and clothing. Building activity is underwritten through all of this year by projects already started or about to be started.

WHAT'S HAPPENED TO THE COST OF LIVING

Compared with a year ago:		
LIVING COSTS, Over all	DOWN	0.6%
FOOD	DOWN	2.2%
RENT	UP	1.6%
GAS, ELECTRICITY	UP	2.9%
FUEL	UP	1.5%
APPAREL	DOWN	1.0%
HOUSEFURNISHINGS	DOWN	1.9%
TRANSPORTATION	DOWN	2.4%
MEDICAL CARE	UP	2.0%
PERSONAL CARE	UP	1.8%

Price increases are more than offset by price declines. NO INFLATION IN COST OF LIVING.

Source: BLS

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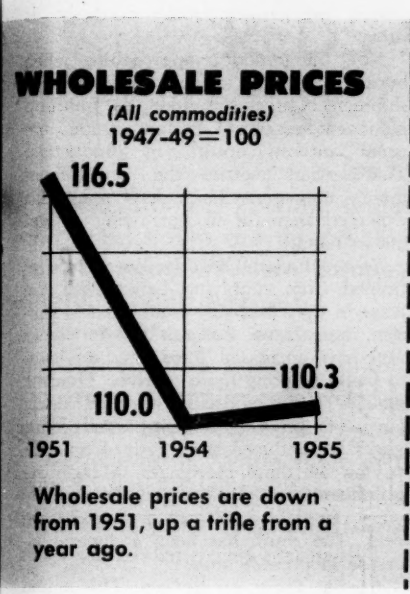
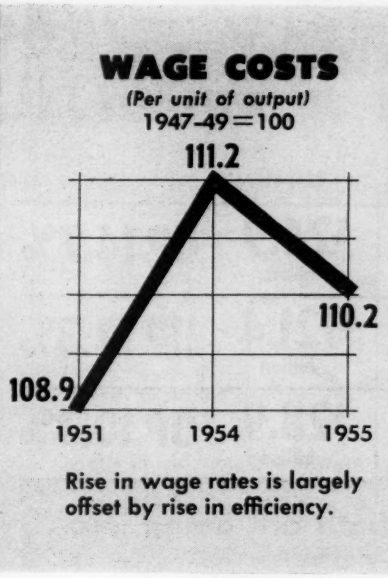


Wholesale prices are down from 1951, up a trifle from a year ago.



Rise in wage rates is largely offset by rise in efficiency.

Revived inflation is not now apparent in most prices.

Planners are worried over inflation that might come if rise in borrowing adds much more to the supply of money.

© 1955, By U. S. News Pub. Corp.

Plans for expanding industry, solidly set at this time, assure continued high demand for equipment. Federal, State and local governments are engaged in extensive public-works programs. Exports are in a rising trend. There is scarcely a weak spot, outside of agriculture, to be found in the economy at this time.

Inflation? The question is whether this high level of activity will lead to inflation.

At present, as the charts on pages 24, 25 and 26 show, there is little evidence of inflation, except possibly in credit. Living costs are down a trifle from a year ago. The housewife finds that she is paying a little less for food, clothing and housefurnishings, a little more for rent, utilities, fuel, medical and personal care. In general, her costs are stable. The same situation prevails in wholesale prices, with increases for some commodities balanced by declines for others.

Industry also appears able, through increasing efficiency, to absorb wage rises without sharp price increases. Hourly wage costs have jumped more than 15 per cent, on the average, since 1951, but the cost of labor in turning out a unit of product has advanced only 1.2 per cent in the same period. Wage costs per unit of output now are slightly smaller than a year ago because efficiency has been increased by more modern machinery and improved methods.

Rise in borrowing. In credit expansion, however, a different situation prevails. Installment loans are up 14.7 per cent in a year. In the same period, mortgage loans have advanced 14.3 per cent and bank loans to business firms are up 10.3 per cent. The largest share of this increase in borrowing, moreover, has been in the first six months of this year—a

HOW PRICES ARE CHANGING AT WHOLESALE

Compared with a year ago:		
ALL COMMODITIES	UP	0.2%
FARM PRODUCTS	DOWN	7.0%
PROCESSED FOODS	DOWN	3.2%
LEATHER PRODUCTS	DOWN	1.5%
FUEL, POWER	DOWN	0.7%
CHEMICALS	DOWN	0.7%
RUBBER AND PRODUCTS	UP	13.0%
LUMBER AND PRODUCTS	UP	4.1%
METALS AND PRODUCTS	UP	6.8%
MACHINERY, MOTOR VEHICLES	UP	2.3%

Some prices are up, others down. Over all, little change. PRICE INFLATION IS NOT TAKING OVER.

Source: BLS

© 1955, By U. S. News Pub. Corp.

WHY THE GOVERNMENT'S PLANNERS ARE WORRIED:

	YEAR AGO	NOW	
INSTALLMENT LOANS	$21.7 billion	$24.9 billion	UP 14.7%
MORTGAGE LOANS	$106.2 billion	$121.4 billion	UP 14.3%
LOANS TO BUSINESS	$26.2 billion	$28.9 billion	UP 10.3%

People and business both are going into debt at a fast rate to buy goods and services offered to them. Planners feel that the rate of rise in debt may be too fast, involving dangers.

WHAT THE PLANNERS ARE DOING ABOUT IT:

- Putting a squeeze on the money supply.
- Tightening terms on Government-backed mortgages.
- Warning bankers to watch installment loans.
- Making it more costly for banks to borrow from the Federal Reserve.
- Allowing interest rates to rise.
- Requiring investors to make higher down payments on stocks.

Money, in other words, is being made more costly to borrow. The amount of money available for borrowing is being held down, too. Tighter money is the means used to try to slow down the boom.

Source: Loan figures, Federal Reserve Board

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period when borrowing normally is slow.

Now the period is approaching when borrowing usually expands to finance the shipment of crops to market, the build-up of inventories for Christmas trade, the usual autumn upturn in production. That's what worries the Government money managers. They don't want this expected increase in borrowing to get out of hand.

So the Federal Reserve Board has refrained from supplying banks with the reserves they probably would like to support more loans. Federal Reserve Banks also have increased their rates on loans to banks wanting more reserves. Housing officials have increased required down payments on Government-backed mortgages and reduced the length of time for paying off those mortgages. Margin requirements for stock purchases recently were raised from 60 per cent to 70 per cent. The result has been a general increase in interest rates.

Brakes were on before. This action marks the fourth time since World War II that the money authorities have moved in to clip a boom. The record indicates that they have generally been successful.

The first move came in 1948, and that was followed by the 1949 dip in business activity. Production by the second quarter of 1949 was down 9 per cent from the peak. The second move came in 1950-51, during the inflation touched off by the Korean war. The boom leveled out in the second quarter of 1952. The third move took place early in 1953, and by the third quarter of 1954 production was down by 10 per cent.

Steps now being taken show clearly that top Government officials believe the time has come for a repeat performance. However, there are some basic differences in the present situation. In 1950-51, the country was gripped by a genuine inflation, with prices soaring. In both 1948 and 1953, the boom had been in progress for about three years. In each of these periods business was building inventories at a rapid rate.

The current boom has been going for only 10 months, suggesting that, whatever happens to credit, it still has some time to keep on. Price inflation has not appeared. Inventories, in total, are not much higher than a year ago, although sales are considerably higher than a year ago.

The money managers, in other words, are acting earlier in this boom than in previous periods. Their actions indicate that they intend simply to slow down the pace of the boom but not to interrupt it. The result that Government seeks is to avoid a condition that will lead to another business recession.

REDS SMILE, SPEED ARMS— WEST LULLED, SLOWS DOWN

Unaccustomed Russian smiles and handshakes are threatening now to wreck Western Europe's carefully built defenses.

Europeans, the pressure off, are cutting arms budgets, reducing troop commitments, talking of slower rearming of Germany.

But Russians, while their officials give parties, are increasing their own arms spending, stepping up air and sea strength.

PARIS

The way high officials and people in countries of the West are reacting to the glad-hand tactics of Russia's Communist rulers is spreading black gloom among military planners who are responsible for defending Western Europe.

At the same time that they are putting forth sweetness and light publicly, Soviet leaders are stepping up expenditures on armament. They are busy testing new atomic weapons. Emphasis is being placed upon faster development of a strategic air force that can deliver atomic weapons to the West. There is a stepped-up "crash" program for greatly increasing the Soviet naval force.

In the face of this situation, nations outside the Communist empire are letting down their guard.

French forces in Europe are being weakened, with combat units detached from the North Atlantic Treaty Organization and sent to deal with trouble in North Africa. There is persistent talk of further reductions, with at least 1 more division to be shifted to Morocco. Progress toward German rearmament, counted on to strengthen NATO, actually is slowed to a snail's pace. It now appears that the minimum time needed to create 12 German divisions will be 5 years.

Elsewhere in NATO countries, a letdown in defense effort has been noticeable for more than a year, now is becoming more pronounced. Belgium has reduced its conscription period from 24 to 18 months, Denmark from 18 to 14. Six European countries, following a U. S. lead, have begun to trim their defense spending. Arms outlays in Western Europe are down today by about 4 per cent from last year's rate.

The United States, meanwhile, is reducing somewhat its military manpower in Western Europe while increasing its firepower with atomic weapons. At home, American military strength is being reduced substantially in terms of manpower.

France removes troops. In actual military strength, however, the letdown is producing these results:

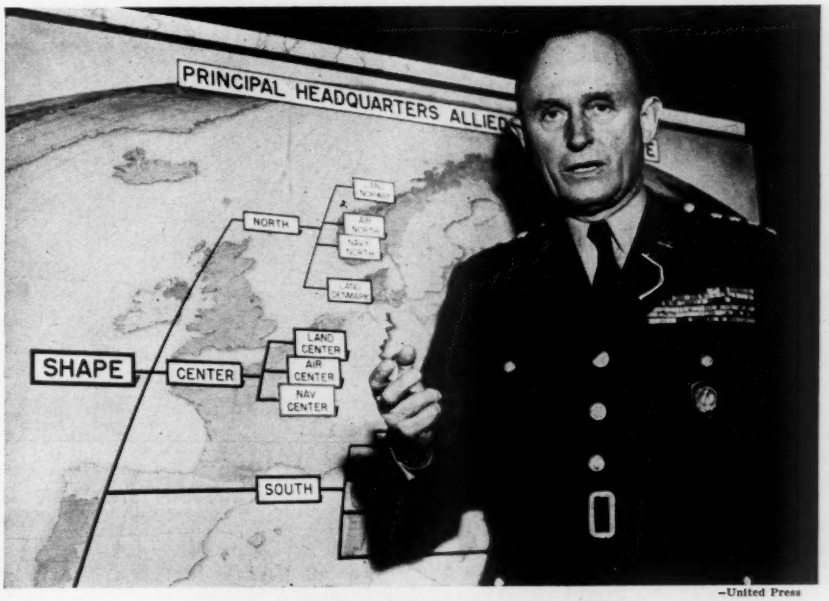
Of the shield of 20 active divisions possessed by NATO in 1953 on the vital "central front," from the Baltic to the Alps, only the equivalent of 16 now remain at the disposition of Gen. Alfred M. Gruenther, Supreme Allied Commander Europe.

Two French divisions, in effect, are removed from the job of defending Western Europe. France has shifted 1 of its 5 active divisions to North Africa, except for heavy weapons. Three other divisions in Europe have been depleted to the strength of 2, by creation of 2 new light divisions for North Africa. France's 7 partly manned reserve divisions also have been weakened by transfers.

Already, more than 150,000 French troops have been sent to North Africa from Europe and Indo-China. By the end of this year, almost 40 per cent of the French Army will be there, a larger force than was maintained in Indo-China at the peak of the war there. At the same time, pressure is growing in the French Parliament to reduce the required military service from 18 to 16 months. About one fourth of the French conscripts, mostly fathers in service outfits, now are serving only 16 months, and a cut of 25,000 in the French Army is scheduled for next year.

Others cut back. The Belgian reduction in military-service requirements has cost that Army one fourth of its conscript strength. The 3 active Belgian divisions in and near Germany have been so badly depleted that a proposal is under consideration to merge them into 2 —their real effective strength at present.

Britain, meanwhile, has created a strategic reserve of 3 brigades at home in the United Kingdom within the past year —only halfway to the strength pledged to NATO in a plan to create 2 reserve divisions capable of fighting on the Continent within 30 days of a war's outbreak. Britain has reduced its armed forces by about 60,000 men since 1953, but is re-



—United Press

GEN. ALFRED GRUENTHER, OF NATO
. . . military planners are gloomy

[continued]

REDS SPEED ARMS, WEST SLOWS

sisting, so far, efforts by the Labor Party to cut conscription from 24 to 18 months.

Holland has given up its plans for 5 active and reserve divisions, and now aims at 1 active and 2 reserve divisions. The active division is highly effective, but neither reserve division has a cadre in being, and one has never been called up for training.

Norway now has only 1 active brigade in being, instead of the 2 it was pledged to create by the end of last year. Conscription has been increased from 14 to 16 months instead of to the 18 months promised.

Denmark, in a pinch, could put little more than 1 division into the field, instead of 3⅓ divisions, mostly reservists, it is supposed to have on call. U. S. shipments of ammunition to Denmark have been halted because of the failure of the Danes to appropriate enough funds to build protected storage for ammunition already there.

Italy's ground forces are improving steadily, but only the equivalent of 6 active divisions, instead of the promised 9, have reached a state of readiness required for assignment to NATO headquarters for the defense of Europe.

The United States, with 5 divisions in Germany, now has withdrawn a tentative promise made in 1952 to send a sixth. About 20,000 men have been thinned out of American ground forces in Europe since 1953. Another 20,000 are to go home in the next year. Ten thousand will go from Austria. A similar number will leave Germany, when 2 oversized infantry divisions are exchanged for smaller airborne and armored outfits.

Besides these cuts in troop strength, Europe's defense plans are receiving two additional setbacks.

Signing of the Austrian Peace Treaty, finally agreed to by Russia, has removed a military anchor from one end of the "front" across Central Europe, as Western occupation troops are pulled out, moved back to "rear" areas. This also has the effect of neutralizing a handy position for observing Soviet troop movements.

Yugoslavia, too, appears to be slipping from the side of the West to the side of Russia. While not a formal member of NATO, this country has acquired about a billion dollars' worth of U. S. arms and other aid, had been counted on as a reliable ally of the West in case of assault by Russia on Western Europe. Now Yugoslavs talk on "neutrality" and hold protracted negotiations with Soviet officials.

Further letdown? Pressures, meanwhile, are building up in the press and parliaments of Western Europe for further lightening defense burdens there. NATO officials see present "slippages" as straws in the wind that indicate a more serious letdown may be in the making.

One NATO official put it this way:

"The Russians are now feeling the strain of the arms race. They've been brought to the negotiating table by the NATO build-up and the decision to rearm West Germany. We are winning the poker game and this is the time we should be raising the ante.

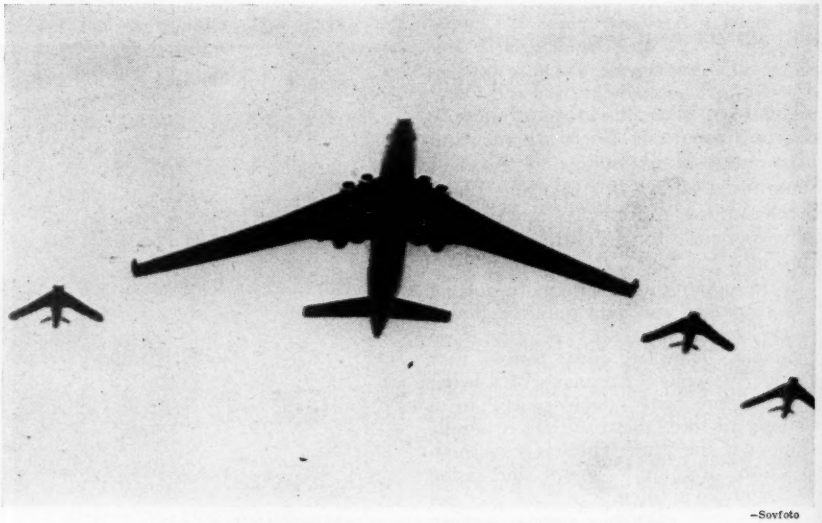
"Instead, public opinion in the United States and Europe has moved so far since Geneva that it looks like we may throw in our hand."

Another NATO official says: "Now that we are in a position to negotiate from strength, success seems to be going to our heads. It looks like NATO has within itself the seeds of its own destruction."

Few Europeans seem to have noticed warnings issued since the Big Four Conference at Geneva by Western leaders that strength must be kept up during the long years of negotiation with Russia that lie ahead. In the European press, these cautions have been buried in the body of news stories. Headlines have gone, instead, to repeated expressions of optimism by President Eisenhower and other statesmen.

Economic problems. For most Europeans, the significance of the Geneva Conference was summed up by Britain's Foreign Secretary Harold Macmillan, who said, "There ain't gonna be any war." If war danger is over, Europeans seem to believe, there is little reason to continue sacrifices that they have been making for defense.

The psychological drift toward relaxation, after Geneva, is being reinforced by economic difficulties. Europeans have been enjoying a business boom for two years now, but signs of inflation are beginning to show up in many countries. Britain's gold reserves have dropped sharply in recent months, for example. Like the U. S., five European governments—Britain, Holland, Belgium, Germany and Denmark—have started taking measures to counter an inflation threat.



—Sovfoto

RUSSIAN STRATEGIC JET BOMBER, WITH ESCORT
. . . no letup behind the Iron Curtain

Inflation can be curbed by cutting people's consumption, investment, or a government's nondefense spending. But the easiest way—and one that is politically most popular—is to cut defense expenditures.

Britain already has sliced defense appropriations a bit, and Parliament has been informed now that the Government will "closely scrutinize" defense requests for the year ahead. A sharp rise in Danish military appropriations, long urged by NATO officials, now has been blocked, with the Danish Parliament cutting the Government's defense requests by a full 25 per cent.

Cuts and delays. Canada, in turn, has followed the U. S. not only in reducing defense spending but in cutting its aid to NATO allies by 40 per cent

this year. And Italian officials are letting it be known that they can continue with present defense plans only if more American aid is forthcoming.

Defense budgets, over all, have leveled off or declined slightly at a time when national incomes of European NATO countries have averaged an 8 per cent rise in two years. As a result, practically every NATO country today is spending a smaller percentage of its national income on defense than in 1952 and 1953, with the trend since Geneva toward a further cut in the defense portion.

The Germans, meanwhile, to whom NATO commanders have been looking for their last powerful increment of military strength, now are proving just as reluctant as other Europeans to spend money on arms in the face of Russian soft talk. Budget plans through 1957 call for spending less than 7 per cent of national income on defense. It will be 1960 before Germany's projected 300,000-man Army and 20-wing Air Force are in the line, as matters stand.

Atom-age needs. What troubles NATO commanders most about the present letdown in Western European defense is this:

Complete reorganization of NATO's military forces now is getting under way to prepare for atomic-age warfare. Huge expenditures will be needed, under this reorganization, to provide Europe's forces with new weapons, increased mobility, better communications and greater D-Day readiness. More airfields and depots also are needed so that aircraft and supplies can be better dispersed against a surprise attack.

Air defense, practically nonexistent now on the Continent, will require an expensive build-up, if plans are followed, for a radar-warning network, all-weather fighters, ground-to-air guided missiles, air-raid shelters, food and medical stockpiles for evacuees.

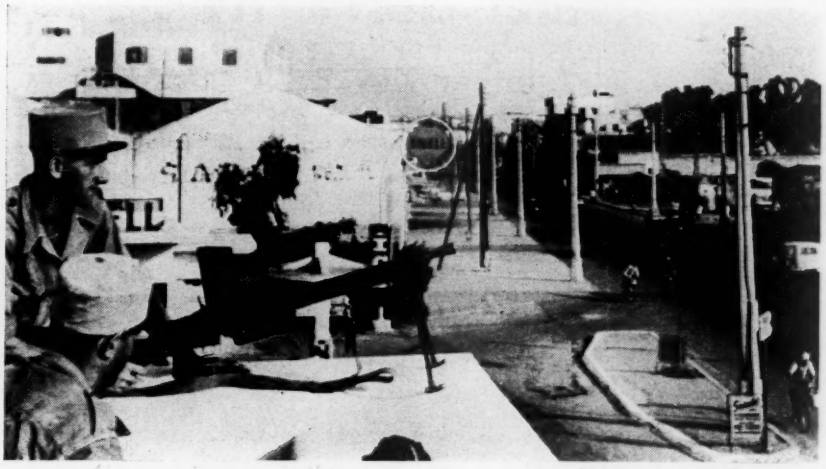
The big trouble, as top NATO planners see it, is that present defense budgets in Europe are barely sufficient to maintain existing forces and for normal replacement of worn-out and obsolescent equipment.

If Europe's defense budgets are cut further, NATO experts believe, the planned atomic-age overhaul may be indefinitely delayed.

An American officer at NATO headquarters here describes the problem this way: "Russia is modernizing its forces as rapidly as it can. Failure of NATO forces to do the same will amount to gradual disarmament by obsolescence."

Russian smiles and handshakes, if so, now are accomplishing more toward wrecking Western defense forces than did five years of Russian threats, blockades and bluster.

WHAT'S HAPPENING IN WEST EUROPE



FRENCH TROOPS ARE NEEDED IN MOROCCO

GERMANY'S ARMY MOVES AT A SNAIL'S PACE

—United Press, Wide World, Defense Dept.

U. S. TROOPS ARE BEING THINNED OUT

The general feeling: "There ain't gonna be any war"

RED BLITZ IN SINGAPORE

Another Key British Base Now in Danger

Here is a case study of how the Communists close in on a target, once they are ready to move.

Take a look at Singapore—

Last spring, it was a tranquil, apparently secure British colony—a peaceful haven in the troubled Far East.

Today it is riot-ridden, terrorized, the newest "hot spot" in Asia.

Gangs of young Chinese Communists hold the city in their grip.

They are "shock troops" in a drive to force the British out, convert Singapore and the wealth of Malaya into Red possessions.

SINGAPORE

British rule is on the skids in Singapore, one of the most vital defense bases left to the West in Asia.

Communists, building up pressure for immediate independence, are getting set to take over this strategic colony.

The Communist threat has sprung up with breath-taking suddenness. Only a few months ago, even the worst pessimists thought the British could retain their hold on this crown colony for at least five years. Today, even the optimists will tell you that Britain may be forced to grant full self-rule, if not outright independence, in a year or maybe two years.

When that happens, the Communists almost certainly will take over, turning Singapore into a satellite of Red China—and a Communist beachhead deep in the heart of non-Communist Asia.

The startling changes taking place here are clearly visible to an American correspondent who has been in and out of Singapore frequently in the last six months.

Only last March, you had the feeling that Singapore was the most secure and tranquil spot in all Southeast Asia. People were friendly. With the exception of a few politicians, no one seemed eager for a radical change. For one who had witnessed the riots and mass violence of recent years in Seoul, Tokyo and Saigon, it was a relief to return to Singapore—a city that was clean, orderly and safe.

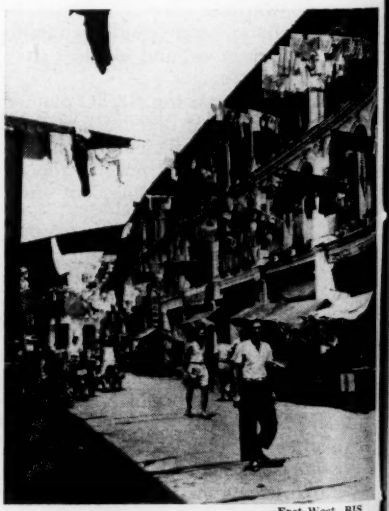
All of that changed in a matter of less than three months, starting with a sudden explosion of springtime rioting and violence that killed four people, including an American.

Now Europeans no longer feel so safe on the streets, especially during recurrent periods of acute labor unrest. When you drive through the streets, it is not uncommon to hear Chinese school children shouting obscene taunts against the white man. Periodically, people get the feeling that another eruption of mass violence is in the offing.

Any newsman who has been in this part of the world for a long time is forced to think: "This is where I came in." The atmosphere of Singapore in 1955 is like that of Shanghai in 1948 or Saigon in 1953—a city in the grip of fear and tension. The Communists, here, are stepping up their "cold war" at a time when they

IN A BRITISH STRONGHOLD . . .

. . . AT A KEY PORT . . .



—East-West, BIS

. . . A CHINESE MAJORITY

"A Chinese here . . . can no longer afford to be anti-Communist"

–United Press

RIOTER IS HAULED AWAY . . . . . AS VIOLENCE FLARES IN SINGAPORE

Communist-controlled students and workers are behind most of the outbreaks

talk of peace and relaxation elsewhere in the world.

The Communist drive threatens two of the biggest assets left to Britain from her once-powerful Far Eastern empire:

- Singapore itself, Britain's key military base in Southeast Asia and one of the world's busiest ports—one that means profits for all kinds of British mercantile, shipping and insurance companies.
- Malaya—a Communist-ruled Singapore would almost certainly mean the end of British rule in the neighboring Federation of Malaya to the north, with its rubber plantations and tin mines that make it Britain's biggest dollar earner.

Change: no accident. Why Singapore is drifting rapidly toward Communist control is not hard to understand.

Chinese, in the vast majority here, account for more than 900,000 out of the city's population of 1.2 million that also includes Malayans, Indians, Pakistanis, Eurasians—and only 17,000 Europeans.

Singapore's Chinese, until recently, had little interest in politics. While most have strong ties with their ancestral homeland, and regard themselves first and always as Chinese, their initial attitude toward the Communist conquest of China was to sit on the fence. They waited to see whether the Reds could consolidate their grip on China, and whether the U. S. and its allies could insure the defense of Southeast Asia.

The Communists, however, have gone to work on the Chinese community here with a vengeance. The result, as one of Singapore's wealthiest Chinese businessmen puts it, is this: "A Chinese here still can be non-Communist—but he can no longer afford to be anti-Communist."

The Reds organized Chinese students. Next they infiltrated existing unions and organized thousands of Chinese factory workers into new unions. Then they practically took over a political party, the People's Action Party, which has emerged as the most dynamic political force in Singapore. Finally, they even managed to convert the conservative and powerful Chinese Chamber of Commerce into a reluctant tool of the Communists.

Chinese students, many of them still in their early teens, are playing a key role in the Communist drive toward seizure of this crown colony. Nearly half of Singapore's students attend schools that are financed and managed privately by the Chinese community. These schools, free of Government supervision, are open to Communist infiltration—and the Reds lost no time turning them into schools that produce loyal subjects of Red China.

What this means for Singapore's future shows up in the fact that at least half of the 30,000 youngsters who reach voting age every year have undergone intensive indoctrination in the glories of China under Communist rule. One foreign diplomat says: "If the Communists want to play it absolutely safe, they can just sit and wait. In a few years, a solid majority of the electorate will be pro-Communist."

Full speed ahead. But the Communists are not waiting. Ten thousand students in seven private high schools are solidly organized by the Communists. Each school has its own organization, dominated by a cell of 12 to 20 actual Communists. Students have little choice but to co-operate. To demonstrate the cost of non-co-operation, the Reds recently killed a Chinese high-school student whom they considered "politically unreliable."

The Chinese high schools literally are run by the Communists. Communist leaders call student meetings at will, organize political-study groups, call out the students to demonstrate in behalf of strikers or pro-Communist political candidates.

They do all this without the slightest fear of punishment or even of reprimand. At one Chinese high school, where students were staging a strike, a visitor asked the principal why he took no action against the strike leaders. Trembling with fright, the principal replied:

"We can be killed at any time. You know that the principal of the Nanyang Girls' School had acid thrown at her."

These student organizations are used by the Communists to support labor strikes—and even to help finance strikers. Each student is compelled to contribute the equivalent of $2 annually to a "student aid committee." In one school alone, the Communists collect nearly $10,000 a year. Part of the money goes to poor students who show promise as Communist Party members. The rest goes to subsidize strikers in Communist-organized walkouts.

A strike of bus drivers that culminated in rioting and violence last May 12 was practically sponsored by Chinese students. They picketed, distributed gifts and strike pay to the workers, and in the end whipped the strikers into a frenzy that led to rioting and the killing of an American correspondent.

For voters: threats, pressure. Chinese high-school students also are the backbone of a Communist political machine campaigning for pro-Communist

[continued]

RED BLITZ IN SINGAPORE

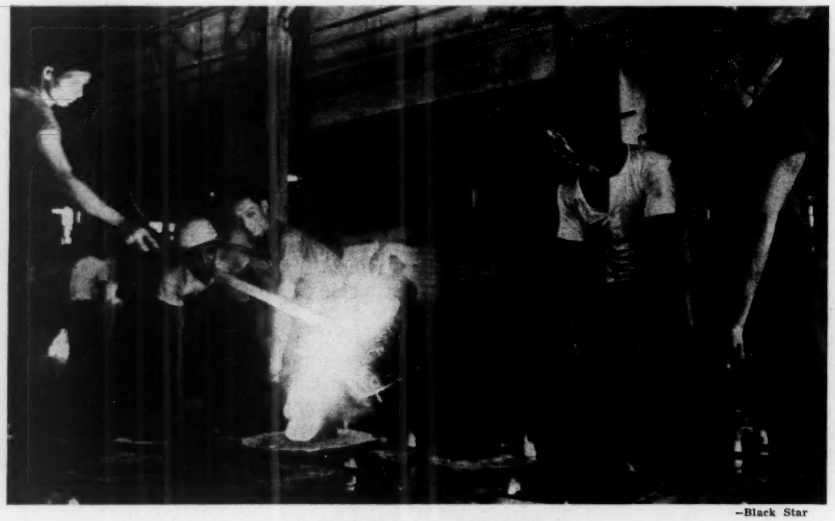
candidates. Students, campaigning door to door, bring pressure to bear on parents and neighbors. They are not above employing threats to force voters into line.

British colonial officers and the recently elected local officials are afraid to challenge Communist control of the Chinese high schools. Most political observers believe the students are so strongly organized that serious violence would result from any attempt to break the Communist stranglehold or to establish Government control over these schools.

Singapore's trade-union movement, like the student movement, is rapidly being brought under Communist control.

Its official leader, a young, British-educated lawyer, is not a Communist himself. But the fact that his party depends on Communist-controlled students and workers for its support has made it easy for the Communists to take over real control behind the scenes. The People's Action Party won three of the 25 elective seats in Singapore's new Legislative Assembly last April. Since then, the party's prestige and influence have grown enormously. British estimates are that it could easily win nine or 10 seats today.

Wealthy yield too. Even many of the wealthy, traditionally ultraconservative Chinese businessmen here are co-operating with the Communists—actively or passively. Among the multimillionaire rubber magnates and traders, it is almost impossible to find one who will speak out openly against the Communists. Many, perhaps most, are contributing secretly to Communist finances in one way or another.



—Black Star

SINGAPORE'S WORKERS
. . . they toe the Communist line

In a matter of less than six months, Communists have worked themselves into a dominant position. Practically all the 15,000 transport workers have been taken over. The Factory and Shop Workers' Union, organized only a few months ago with Communists pulling the strings, has mushroomed from 2,000 members to 20,000 since March.

Steadily, Communist labor organizers are nearing their goal—to emasculate the Trade Union Congress, non-Communist but already weak, and get control over all of Singapore's 75,000 organized workers.

In the political field, the Communist Party itself has been outlawed since 1948. But the People's Action Party that started up last November as a radical, left-wing group has, for all practical purposes, been turned into a Communist front.

Practically all of Singapore's leading Chinese-language newspapers follow a pro-Communist line, too. Last year one of them criticized a Communist-sponsored student demonstration. The students organized a boycott. The newspaper's circulation plummeted. Since then, the editors have mended their ways. They toe the Communist line, and their circulation has gone up substantially.

It was Communist pressure that forced Chinese businessmen to withdraw their support of Lin Yutang, eminent Chinese philosopher and anti-Communist, whom they had invited to Singapore to head a new Chinese university. Dr. Lin had to resign, and if the school ever starts up it will be as a second-rate junior college under Communist influence or outright control.

The turmoil's leader. Kingpin in this Communist build-up for the conquest of Singapore is Lim Ching-Siong. Now 22, he is a downy-cheeked lad—and a ruthless, cunning and well-trained revolutionary with a knack for making rabble-rousing speeches.

Police say that Lim, if not an outright Communist, is clearly under Communist direction. Just who his bosses are is a mystery they are not able to solve.

It was Lim, as secretary of the Factory and Shop Workers Union, who promoted the strike wave that has kept this colony in turmoil for months. He is one of the three People's Action Party members in the Legislative Assembly. He is president of a Chinese parent-teachers association, though he is not a father, or even married. Lim taps wealthy Chinese for large contributions, and gets money from bus drivers who filch part of the fares they collect.

What makes the outlook in Singapore so alarming for the West is a startling upsurge in anticolonial sentiment, coinciding with Communist gains.

It was only a few months ago that Singapore's newly elected Chief Minister, David Marshall, got into a dispute with British authorities on the question of how many Deputy Ministers he could appoint.

That minor argument suddenly exploded into a big popular issue. Now most conservatives are being compelled for political reasons to support immediate self-rule—a stand that only Communists and their allies supported a few months ago. And agitation against British rule has become politically popular in the Federation of Malaya, where British troops have been fighting Communist terrorists in the jungles and rubber plantations for more than seven years.

A change with meaning. For the U. S., the drift in Singapore and Malaya toward Communism is ominous. Already it is forcing the West's strategists to review their plans for the defense of this area. Any idea that Singapore can be counted upon as a secure base for the West is being scrapped. Instead, U. S. and British planners are having to face up to the distinct possibility that Singapore will become a Communist base that threatens the free world's remaining foothold in Southeast Asia.

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Why the Latest Squabble in Korea

Truce Gave Rhee Mountains, Communists Rich Lands

Calming down the South Koreans may not be as easy as U. S. and allies hope. A look at the map shows why.

Truce handed the Reds valuable real estate that once belonged to South Korea. And Syngman Rhee is determined to get it back.

SEOUL

A truce provision that attracted little attention when made two years ago is a big factor in the latest outbreak of trouble in South Korea.

That provision made it possible for the Communists to swap 2,200 square miles of economically worthless mountain land for 1,000 square miles of South Korea's best riceland (see map).

The exchange of real estate—which resulted when a military truce line was substituted for the 38th parallel as the boundary between North and South Korea—has rankled in President Syngman Rhee and his South Korean Government ever since it was made. He is determined, by one means or another, to get back the valuable property that he was forced to give up to the Reds.

On the map, South Korea gained more than it lost by the truce. Also, U. S. military specialists contend that control of the mountains to the north makes it much easier to defend South Korea than it was from the old boundary at the 38th parallel. Looking at the make-up of the land that changed hands, however, you find what disturbs the South Koreans.

What Reds got. In the South, the Communists gained a populous, rich farm section—one of the finest rice-producing areas in all Korea, and better than farmlands to be found in Communist North Korea. Mr. Rhee says the area South Korea was forced to yield can give the Communists a big money-making export in ginseng, a medicinal herb much in demand in the Far East. This area, too, has many small industries—tool shops, pottery factories and others.

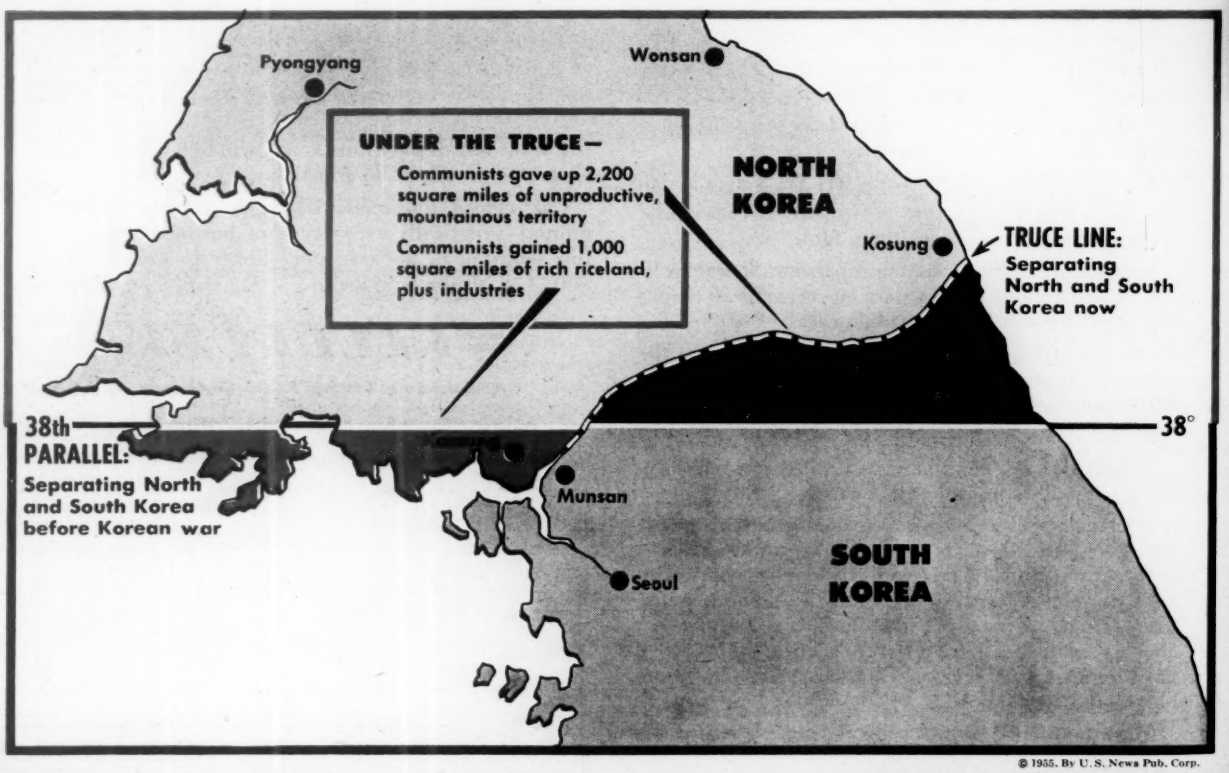
What Rhee got. In the North, the Communists gave up a mountainous area that produces little food and is sparsely populated by comparison with the land they gained to the south. It has no industries to speak of.

Mr. Rhee and his top officials contend that the armistice swap is helping the Reds build up for another invasion of South Korea.

The area gained by the Communists through the truce agreement puts their troops on flat terrain only 20 miles from Seoul, instead of 30 as they were before the Korean war. On top of that, economists say that the exchange takes care of the Communists' most serious weakness—food shortages. Reds, now, are believed able to feed their civilians and troops as never before.

All of this goes far to explain why South Koreans fear another Communist attack—and why their hostility to the 1953 armistice is spilling over into violence.

How U. S. is put on the spot by Korean flare-up—see Worldgram, page 57.



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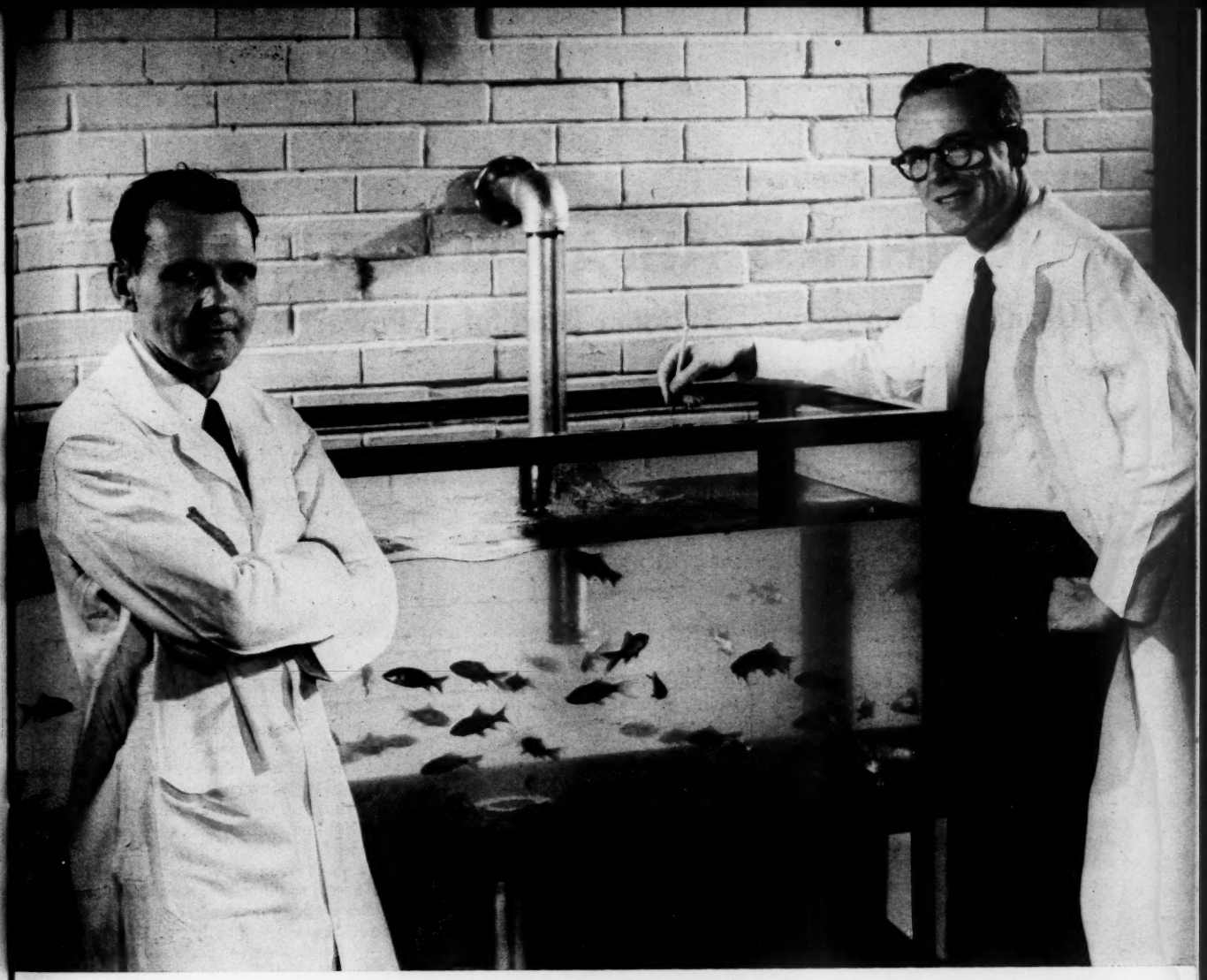

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When Design Engineers at Fairbanks-Morse perfected the non-clogging pump, they pumped live fish to prove its non-clogging performance. For they knew that if they eliminated the restricted passages that cause expensive pump clogging, they could even pump live fish, whole and undamaged.

The result of that Project is the now famous F-M pump that provides non-clogging service for the food industry, municipal authorities and industrial waste engineers.

Only from Fairbanks-Morse can you get the originality and soundness of *new* design that assure such outstanding performance. When next you need a pump . . . or a scale . . . an electric motor . . . or a diesel engine . . . look for the famous F-M Seal and see the difference that quality makes. Fairbanks, Morse & Co., 600 So. Michigan Avenue, Chicago 5, Illinois.

The Secret of F-M non-clogging pump performance is this unique impeller design that permits pumping all solids in suspension—even fish.

The Result is that on installations, like this food processing line, money formerly wasted on pump maintenance due to clogging is now saved.

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Revealed at Geneva—

BIG THINGS AHEAD FOR THE ATOM

Uranium Losing Out . . . Thorium Plentiful . . . Power Plants for Sale

Newest developments, coming to light now in atomic energy, point in this direction:

Atomic power, finally practical, will move rapidly into use in high-cost power areas.

Power plants, atomic fueled, are being offered for sale at 21 millions and up.

Raw material now is abundant. Uranium shortages are ending. Thorium, more plentiful, lower in cost, is likely to edge uranium to the side lines soon. Hydrogen may come later.

These and other developments were revealed in the United Nations conference on the atom at Geneva. This is an on-the-spot report.

GENEVA

Atomic scientists are convinced the U. S. is far ahead in the race to control the force of hydrogen bombs and convert that force into a source of industrial power.

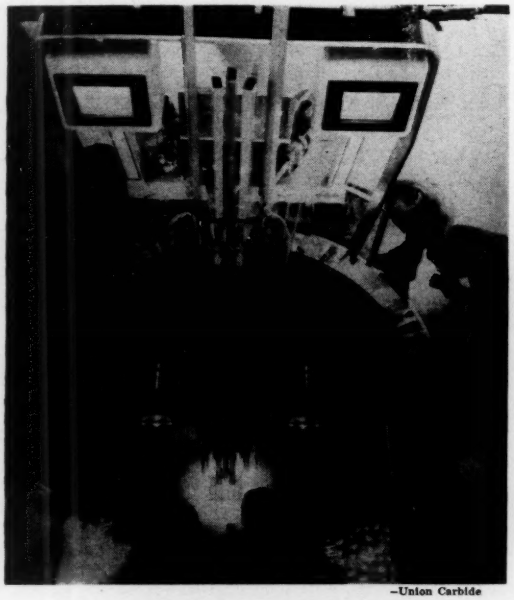
Adm. Lewis L. Strauss, Chairman of the U. S. Atomic Energy Commission, disclosed that AEC scientists have been working for a "considerable" length of time on the problem. "Progress certainly has been made, from the scientific viewpoint," he said.

AEC scientists already have narrowed their experiments to the point where many of them are convinced that only a "very few years" separate the U. S. from the practical processes of putting this immense explosive power to work.

Speculative talk among American scientists is that hydrogen power will be produced by developing "pinhead" fusions inside a ball-like reactor. Heat from the reaction will produce steam to turn turbine generators. Experiments so far suggest there is no reason to fear radioactive contamination, because there would be no fall-out such as results when a bomb is exploded in the open air.

Raw materials that will be needed for hydrogen power already are being produced at the Savannah River plant to supply materials for H-bombs. Admiral Strauss mentioned only one—deuterium, a type of heavy hydrogen found in all water in usable amounts. Others mentioned privately by scientists are tritium, a more costly form of heavy hydrogen that can be produced at Savannah River, and lithium, already in use as a source of power in hydrogen bombs.

A thorium boom? Uranium is the basis of a big industrial boom. From prospectors with Geiger counters to workers in big mining operations, uranium has called for employment of thousands of people and investment of millions in money. Now, the question is being raised: What is going to happen to the uranium boom?



—Union Carbide

U. S. REACTOR AT GENEVA
The British called it "razzmatazz"

Two major developments in the atomic power field pose the question. One is prospective future use of plentiful hydrogen as a source of power. A more immediate development is the probable use of thorium, instead of uranium, as a primary source of atomic power.

Uranium, itself, already is plentiful. Jesse C. Johnson, chief of the raw-materials division of the AEC, reports that sources of uranium now available to Western nations have between 1 and 2 million tons in easily worked deposits, and have an estimated 6 million tons that could be extracted with more difficulty from phosphates and shales.

Production of uranium around Beaver Lodge, Canada, alone is running as high as 2,000 tons a day. The metal is so abundant that Canadian officials doubt they will ever need to tap deposits already discovered in the Arctic.

Thorium is cheaper than uranium and is estimated to be from four to ten times as abundant. Large deposits have been found. One of the largest, announced at Geneva, is in Brazil.

Thorium is not fissionable. When used in a reactor, where chain reaction can be started with plutonium, it is turned into U-233, a fissionable type of uranium found to be more efficient than present fuels as a suitable source of atomic power.

Unlimited energy. The breeder reactor, which creates more atomic fuel than it uses, is now be-

(Continued on page 38)

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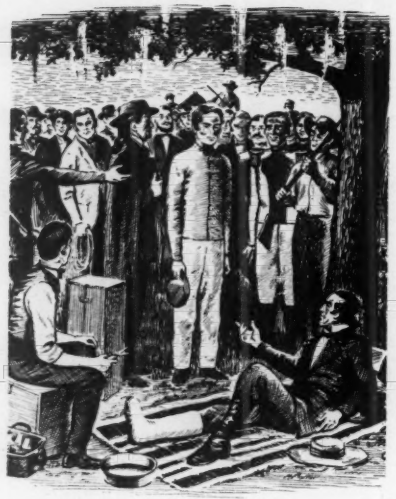

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[continued]

BIG THINGS AHEAD FOR ATOM

coming a practical proposition. Thorium is what is making this possible.

Prospects of an inexhaustible and inexpensive supply of energy lie ahead through breeders using thorium, in the view of Dr. John V. Dunworth, of the British Atomic Energy Research Establishment.

Breeder reactors, as experiments, are not new, but trying to fuel them with plutonium proved impractical.

During an atomic chain reaction, neutrons whiz out of fissioned atoms and enter atoms nonfissionable up to that point. When one of these extra neutrons fastens itself to a new atom, that atom also becomes fissionable and new fuel is made.

The trouble with using the process in a uranium or plutonium reactor is that neutron speeds must be very high to make it work. These high speeds make the reactor hard to control.

Thorium can be used with slow neutrons and the breeder can be kept safely under rein. All that is necessary is to begin with thorium and start it reacting with a small amount of plutonium. The breeder then continues to create its own fuel out of thorium—and the more that is made, the more neutrons are turned loose to create still more. Power potential piles up.

Development of thorium may reduce uranium, or its by-product, plutonium, as a factor in producing power, to the role of a mere "starter."

Britain's plunge. Delegates from many countries are impressed by Britain's bold plunge into atomic production of electricity.

At Calder Hall, in Northern England, the British are putting up a plant to supply 50,000 kilowatts of power. The reactor to fuel it employs water to transfer atomic heat to a boiler, provide steam for turbine generators.

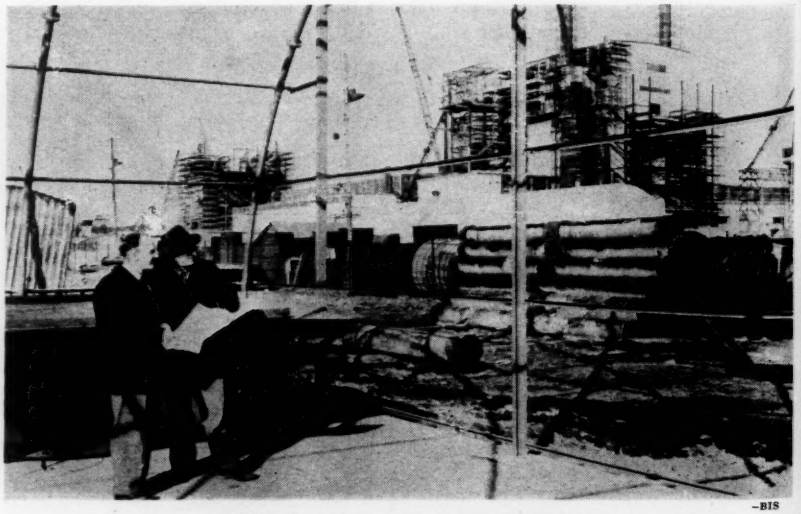
Britain's action is leading to criticism among some scientists of the U. S. approach—a slow, thorough development of a number of types of reactors and construction of a prototype before each type of reactor is undertaken.

"The British have simply cut through years of shilly-shallying around with different types of reactors and are out to produce both power and plutonium by the method at hand," said a U. S. expert. "They have in hand a method to produce power at a cost which they find will compete with the cost of energy from marginal coal operations. So they are going ahead—shooting directly for power and plutonium, for them a valuable by-product.

"We have plutonium coming out of our ears for military production, so we're not so interested. As a result, many of us think, the AEC is bogged down in a morass of experimenting with a dozen different types of reactors while the British jump ahead with actual civilian power production."

One thing that distinguishes British approach from the American approach to atomic power is the relative supply of other fuels. The U. S. has plentiful

(Continued on page 40)



–BIS

BRITAIN'S ATOMIC POWER STATION
It will supply 50,000 kilowatts of power

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Concrete bonuses for motorists

You're looking at Clinton Drive (U.S. 90), an old concrete road in Houston, Tex. This road, built in 1927, has served motorists in the area with amazing economy ever since.

Since 1927, Clinton Drive has carried more and more traffic, heavier and heavier loads. The average daily traffic on the section shown here is 15,100 vehicles.

Traffic loads like this are far more than the pavement was designed to bear. And the service life has been longer than was expected. Yet it goes right on carrying this extra traffic with very little maintenance expense, while other types of pavement have been rebuilt or resurfaced many times.

Hundreds of miles of concrete roads built decades ago match the performance of Clinton Drive. They long ago earned their cost and keep in the gas taxes and license fees that motorists pay to use them—*and they're not through earning yet!*

By continuing to earn annual bonuses for motorists, these old, durable concrete roads help pay for today's new highways. They demonstrate that concrete is the logical choice for the new highway construction planned for America's main roads in the 10-year federal highway program. And these new concrete highways promise to deliver even greater bonuses to all motorists because now they can be built to last more than twice as long.

PORTLAND CEMENT ASSOCIATION
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A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work

[*continued*] **BIG THINGS AHEAD FOR THE ATOM**

coal, gas and petroleum. Britain has had to rely mainly on coal, which is scarce and increasingly costly. This coal problem has hampered industrial expansion and repeatedly threatened the country with economic collapse.

Russians lagging. Soviet achievements and announcements in the field of applying atomic power sounded impressive—but when Western observers got to examining details they found Soviet science and industry still lagging.

All the Soviet exhibits were reputedly made in that country's most advanced factories. Yet many cases of hand operations in machine making were noted. For example, the Soviet Union still uses slot-headed screws, discarded by much of U. S. industry in favor of other types that can be put into place quickly with power tools

"They need to slow down for some basic machine and mechanizing work if they hope to keep up in production with the rest of us," commented one U. S. scientist.

Scramble starts. Atomic power, despite big, new developments in the offing, is becoming a competitive business.

Power reactors are getting cheaper under the double lash of new developments and a scramble for business. One American firm is advertising a 100,000-kilowatt reactor for 21 million dollars, and says the reactor can produce power for six tenths of a cent per kilowatt-hour—an economical cost for countries short of coal or water power. A British manufacturer asserts that in competition for European customers he can undersell U. S. firms by 20 per cent. Eight U. S. and five British firms are scrambling for an order for a reactor from India.

Ruble problems. A by-product of Russia's participation in the atomic-power talks is the revelation that electricity costs Russians five or six times more than electricity costs in the U. S. The cost of power puts electricity out of reach for many consumers and loads a heavy burden on industry.

A Soviet power expert disclosed that normal production of electricity in the Soviet Union costs the equivalent of 2.5 cents per kilowatt-hour. Wholesale cost of power in the U. S. is around four tenths of a cent per kilowatt-hour

Atomic power costs considerably more, the Russian said.

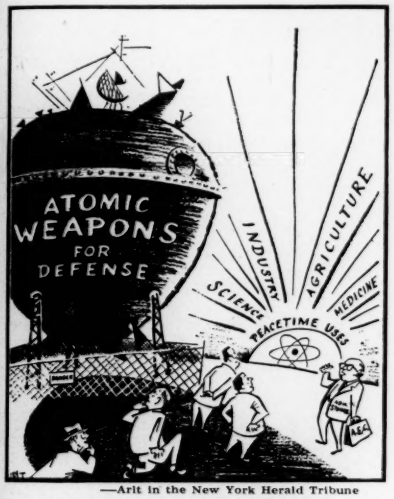
That was all the detail that could be drawn out of the Russians on the cost of power, either conventional or atomic.

Costs interest them, though; they followed cost discussions by Western experts with unconcealed interest.

One Russian, needled about costs by an American scientist, finally burst out: "We have the same ruble and kopeck problems as your dollars-and-cents problems—only we seek to measure it in other terms."

U. S. reactor. Most popular exhibit at the "atom fair" turned out to be a U. S. reactor immersed in water. You could see it work. When the reactor was on, the atomic core gave off a soft, blue light. Visitors were fascinated.

Some British correspondents were upset by the exhibit. They complained that Britain was far ahead in applying atomic power but that the U. S. was getting the glory through "publicity razzmatazz." The reactor was included as part of the "razzmatazz."



—Arit in the New York Herald Tribune

"NEW DAY DAWNING"
It's a highly competitive one

Bigger crops. Farmers may get one of the first everyday benefits of atomic energy.

Experts at the Brookhaven, N.Y., laboratory reveal considerable success in producing bigger crop yields by irradiating seeds with neutrons. American scientists predict that U. S. seed companies will be selling their radiated seeds in the near future.

The Russians, although concerned about raising their own agricultural production, seemed completely surprised by this use of the atom. The AEC offered to treat seeds for the Russians, as it is doing for some other countries. The Russians brusquely declined with the remark: "We have our own reactors and now can do this."

●This modern moving conveyor line at the TEMCO-Dallas plant simplifies assembly of the aft fuselage sections for the F-84F. Another example of TEMCO efficiency resulting in production economy.

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TEMCO, growing up in the competitive post-war years, is trained to perform under rigid cost-control. Result of this cost-conscious approach to every TEMCO job is greater operating efficiency, greater production economy.

Typical of this close control is the 44% saving in total cost achieved for currently delivered units of a Temco-produced major component.

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first six months of 1955 over same period last year...

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REO has the most complete advanced line of heavy- and medium-duty truck engines available today—with *both short stroke design and revolutionary wet-sleeve construction.* Choice of V-8's or sixes, gas or LPG. Pound for pound Reo Gold Comet V-8's are the *most powerful heavy-duty truck engines ever built,* actually delivering a startling ½ h.p. per cu. in. displacement—as much as *35% above the industry average.*

REO designs its own engines and backs every one it builds with a 100,000 Mile or 1 year Warranty, whether in new Reo Trucks or for replacement in other makes. *No other manufacturer gives you such positive assurance of outstanding performance.*

REO knocks out high overhaul costs and downtime loss with built-in engine features, like wet-sleeve construction, that permit complete overhaul in as few as 15 hours. Complete overhaul kits cost as little as $169.47 (list).

REO has responded to the need for specialized heavy-duty applications by adding *17 new models* in the last few months. And more are coming.

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TROUBLE COMING FOR IKE

Fights Expected on Taxes, Power, Farm Prices

Highways, housing, public power, taxes, farm prices—nearly all of the big issues that affect voters—will pop up for decision in Congress in the election year ahead.

It means that friction between Democratic leaders of Congress and the Republican White House will be out in the open. At stake: control of Congress and White House in '57.

The real fight between the Democratic Congress and the Republican President lies just ahead in a period when Congress will be writing the terms on which a presidential election is to be settled.

It is to be a tug of war over issues that will swing big masses of votes in 1956. Democrats want to keep control of Congress after 1956 and capture the Presidency. Republicans want to re-elect President Eisenhower and give him a Congress controlled by his own party.

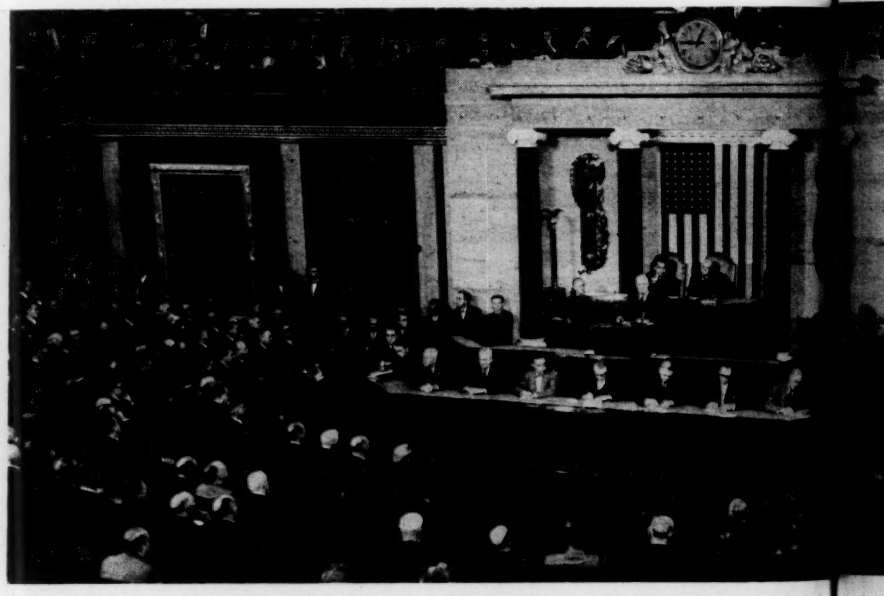
The desire of Democrats in the next Congress is to put President Eisenhower in a position of seeming to stand against the wishes of large groups of people. They now are busy laying the groundwork for that task.

In the congressional session that has just ended, a study reveals, Democrats sorted out the big vote-getting issues and put them on the program for the 1956 session. They co-operated with the President on a foreign program that followed much the same pattern as that of their own party in the past. And they gave the President enough of his domestic program to bolster a claim of having co-operated with him.

Eyes toward '56. Behind the scenes, however, Democrats never lost sight of the fact that they are in business to win elections. They kept their eyes turned toward 1956. The legislation that they gave Mr. Eisenhower often carried enough of a Democratic twist to bring a protest from the President.

Of the 13 measures Mr. Eisenhower put on his latest "must" list, the Democrats gave him just four, as the chart on page 45 shows. Only one of these four—a foreign-aid measure which follows a plan originated by Democrats—was in such a form that the President made no complaint about it.

On housing, Democrats fixed it so that the President will need to come back next session for more legislation. They gave him more public housing than he wanted for one year, less than he asked for a two-year program. On military reserves, the President voiced a complaint. On minimum wages, Democrats gave a raise of 10 cents an hour more than Mr. Eisenhower had asked. Every Democratic orator in an industrial district will point out this fact in 1956.



Any combination of legislation that can win large groups of voters could hit the jackpot in the 1956 elections. And that is what the Democrats are searching for.

Next year's fights. A look ahead into the next session of Congress shows that the big fights are shaping up over tax cuts, farm legislation, labor laws and public power, each of them affecting large numbers of people.

On these and other measures, Democrats will be playing hard for an advantage that they can take into the election. The President in several cases faces the prospect that Democrats may force him into a position in which he would be compelled to veto a popular measure.

Uppermost among the issues in its direct effect upon large numbers of people is tax legislation. Here, the Democrats have a chance to do several things.

Corporation taxes are due to drop from 52 to 47 per cent next year, and certain excise taxes are scheduled to expire, unless Congress acts to hold both of these groups at their present levels. This opens the way to all kinds of political maneuvering.

If the corporation and excise taxes are lowered, there may be no cut for individuals on their income taxes.

Thus, the first tax fight between Democrats and Republicans may come over the issue of keeping present taxes on corporations and trimming taxes for individual income tax payers. More votes lie with the latter group.

If a decision is made to cut taxes for individuals, as most politicians believe likely, the next controversy between the two parties would be over how to achieve the reduction. Republicans have favored a reduction of 5 to 10 per cent, spread through all income brackets. Democrats put through the House in the last session a plan to give a $20 tax cut to all individual income tax payers.

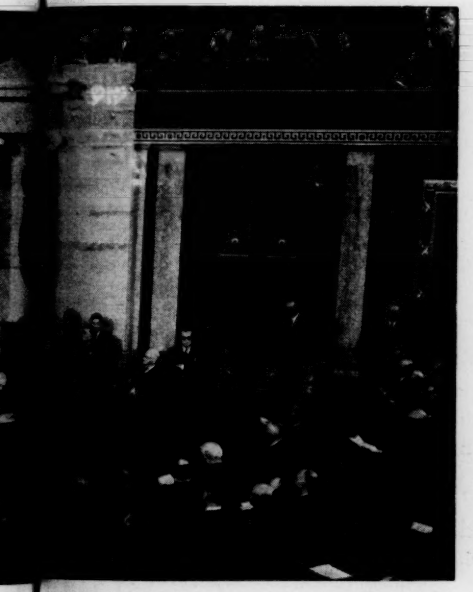
If a percentage cut is made, there would be a cry that upper-income groups are favored. If the $20 cut for all is ap-

proved, it would mean taking millions of small taxpayers from the tax rolls and would narrow the base of taxation. Democratic leaders in 1955 have favored this approach as the one which would be more popular politically.

Rigid vs. flexible supports. On farm legislation, another fight is in the making.

A measure to junk the flexible farm price supports now in effect already has passed the House. It would return farm price supports to an automatic peg at 90 per cent of "parity."

Incomes are going down in the farm belt. Pressures are rising for a stronger support for farm prices. A great many Republicans are troubled at the turn farm prices are taking. But Secretary of Agriculture Ezra Taft Benson is standing firmly back of the flexible-support plan.



Democrats are ready to act on the plan for 90 per cent of parity. They recall that in 1948 it was the swing of the farm voters in the Middle West that saved Harry S. Truman from defeat. All through the farm States, the votes showed a trend to the Democrats in the 1954 congressional elections, even though few congressional seats were changed there. A Democratic action in behalf of the farmers might be figured to turn the tide for them in many congressional races in 1956, and perhaps for the Presidency, itself.

The Taft-Hartley Act, due for a long-promised revision, offers a chance for some of the Northern Democrats to bid for votes from organized labor.

In a showdown on labor legislation, Northern Republicans and Southern Democrats might be expected to unite

(Continued on page 46)

EISENHOWER ASKED THIS FROM CONGRESS

1. **A $100-billion highway program**
2. **New system of military Reserves**
3. **Higher benefits for survivors of servicemen**
4. **35,000 public-housing units for each of two years**
5. **Health program — broader health insurance, more hospitals, clinics, nurses**
6. **$1.6 billion to help States build schools**
7. **$3.2 billion for foreign aid, mostly military**
8. **Admission of more refugees to United States**
9. **A group of reclamation and water-resources projects**
10. **New, simpler customs law**
11. **Minimum wage of 90 cents an hour**
12. **Atomic ship, as showcase for peace**
13. **Admission of Hawaii as a State**

EISENHOWER GOT THIS FROM CONGRESS

1. **Military Reserve plan, with some provisions he did not like**
2. **45,000 public-housing units for one year**
3. **About $3.2 billion for aid abroad**
4. **Minimum wage of $1 an hour**

ALL TOLD, The President's program contained 13 items. Congress approved 4 of these—but not just as the President wanted them.

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[continued]

TROUBLE COMING FOR IKE IN CONGRESS

to hold the line against drastic changes. The South, in the midst of an industrial change, is fearful of the effect of a new and united drive by unions to organize the workers in that area.

Thus, big changes in the Act might be blocked. But the efforts of Northern Democrats would help to bind the support of union labor to them in 1956. It could be expected to play its part in the election of Representatives and Senators in Northern industrial areas.

Plenty of power bills. The public-power issue is ready to blow wide open. Specific bills on half a dozen power and water-storage projects are ready for action, either in committees or on the floor of the House or Senate. They embrace work on the Upper Colorado River, the Hell's Canyon dam in Idaho and Oregon, the Frying Pan-Arkansas reclamation project and elsewhere.

Both power and water for irrigation purposes are important items in Western States. A Democratic drive could easily put a public-power bill on the President's desk in the new session.

This would force the President to decide whether to risk alienating votes for his party in Western States or among important Republican supporters in the East and the Middle West.

On this issue, the President is committed to a policy of working out partnership arrangements between the Federal Government and private-utility concerns, States or local communities. Democrats have built large federal power projects, want to build more and probably will try to force the issue.

An explosive bill to exempt natural-gas producers from federal price regulation awaits action in the Senate, having been passed by the House late in the session just ended. Both parties are split on the point.

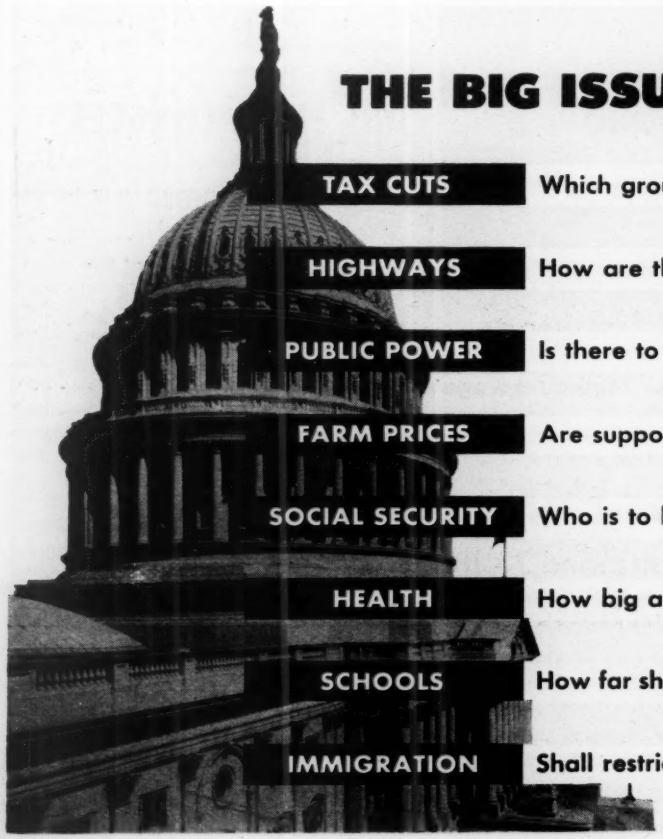
There still are some votes to be garnered from the Social Security issue. There is a plan to cut from 65 to 62 the age at which women may retire and draw pensions. And proposals are pending to include lawyers, dentists and certain other professional people, except physicians, under pension plans. The big question here is where to draw the line in including or excluding people.

Which road program? On the highway issue, President Eisenhower has a big edge over the Democrats. Every automobile driver who has ever fought Sunday traffic on the highways has a stake in the new road-building program proposed by the President. There are upward of 35 million American families with cars. The program contemplates spending more than 100 billion dollars in a 10-year period on roads to speed traffic.

Up to this point, Democrats have delayed the plan while they argued over whether to permit its financing by bonds, as suggested by the President, or to have it paid for in special taxes. The special taxes, some argue, would tend to weaken popular enthusiasm for the work.

Education and health programs still are mired in such controversy.

In the days ahead, there is to be more talk about a Democratic program in Congress and less talk about a presidential program. Kind words between the White House and Congress are to be scarcer.



THE BIG ISSUES THAT LIE AHEAD

TAX CUTS	Which groups of taxpayers are to be favored?
HIGHWAYS	How are they to be paid for?
PUBLIC POWER	Is there to be more or less of it?
FARM PRICES	Are supports to be high and rigid, or flexible?
SOCIAL SECURITY	Who is to be included in new pension plans?
HEALTH	How big a program shall be enacted?
SCHOOLS	How far should Federal Government go in helping States?
IMMIGRATION	Shall restrictions be eased for refugees?

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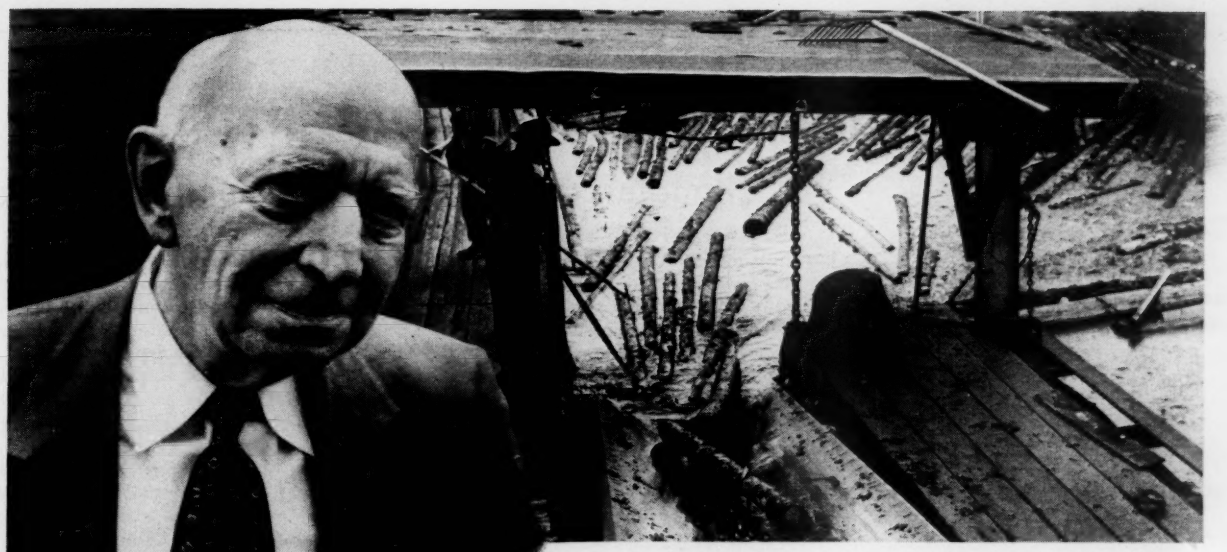


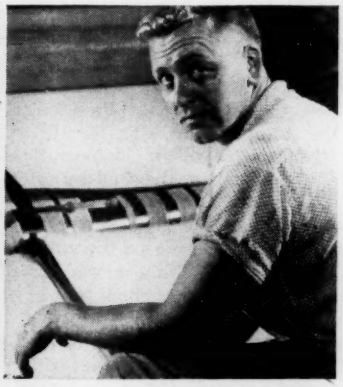
The Marathon Corporation is one of the country's largest producers of pulp and paper. Above, logs come into mill at Rothschild, Wis.

"CREDIT UNIONS HAVE SOLVED PROBLEMS FOR ALL OF US AT MARATHON"

So comments MR. D. C. EVEREST, *Chairman of the Board of the Marathon Corporation. He says further, "Twenty years ago, when our first employees' credit union was started, I had some doubts that it would succeed. Today, I am completely convinced that it is the most practical solution to employees' personal money problems.*

"Credit unions in our mills have given our people a way to save more successfully and meet their financial obligations more easily. At the same time, this self-help plan has relieved our management of awkward and time-consuming involvement in employees' personal finances."

"CREDIT UNION LOANS have saved me plenty of hardship," says Louis Augustine. "For a man with a family, it's a real comfort to know he can get help when he needs it." Members also save money by making credit union loans and paying cash for purchases instead of buying on installments.



"SAVING IS EASIER," says Clifford Wendorf, "when you can put away a little each payday right where you work. And with the good returns our savings pay, you want to save all you can." By encouraging thrift, credit unions have contributed greatly to our economic stability.

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One More Split for the Democrats

Chandler Upsets Party Machine, Faces Fight

"Happy" Chandler's comeback in Kentucky poses some real problems for the Democrats. The party is split wide open.

Democratic dilemma: Unite, and Mr. Chandler looks like a good bet; stay split, and Republican prospects rise.

A stormy Democratic figure of the New Deal days is marching back into politics in Kentucky this autumn—perhaps headed for the national scene again.

Kentucky Democrats have nominated Albert B. "Happy" Chandler for Governor. They did so over the protests of the Democratic Governor, a good many members of the State Legislature and the two Democratic United States Senators.

Mr. Chandler got the nomination in a primary filled with bitterness and personal charges and countercharges that will not soon be forgotten.

The situation at the end of the primary leaves the Democrats so divided that Republicans think their man, Edwin R. Denny, has a good chance of winning the Governorship. There is among the Democrats the same cleavage that has given the Kentucky Governorship to Republicans five times in the last 60 years—in 1895, 1907, 1919, 1927 and 1943.

Danger of losing. For the Kentucky Democrats, the problem is one of uniting around Mr. Chandler—who is not their leaders' choice—or staying apart and facing the danger of losing this November.

If Mr. Chandler wins, the situation will be uncomfortable for a great many Democrats. Speaking in the home town of Senator Earle C. Clements, the acting Democratic Leader of the Senate, Mr. Chandler said that his future plans did not include Mr. Clements. There is talk of a Chandler-backed candidate against Mr. Clements in 1956 when the Senator's term ends.

All through his career, Mr. Chandler has been an individualist. He had the support of labor in winning the Governorship in 1935. He lost that support by siding with coal operators in a mine dispute. In the U. S. Senate, he voted for selective service, Lend-Lease, price controls, many Democratic Administration measures. But he voted against the Administration on a measure to outlaw strikes in defense plants and ended up with an argument with party leaders over war policies.

The antagonism between Mr. Chandler and Mr. Clements reaches back to 1935, when Mr. Clements backed another candidate for Governor. Since then, Mr. Clements has put together a formidable Democratic organization in Kentucky.

This was the group that Mr. Chandler tore into in this year's primary. Governor Lawrence Wetherby and many other State officials were against him. Senator Clements campaigned against him. Senator Alben Barkley, the former Vice President, went on the stump against Mr. Chandler. And, in the showdown of Democratic votes, Mr. Chandler beat them all by upward of 20,000 votes.

Even Kentucky rarely has seen such a campaign. Mr. Chandler wooed the voters steadily for 10 months and made 900 speeches. He smiled, sang, shook hands, kissed babies, called people by first names in every courthouse in Kentucky. He was well out in front before the other side got going, and he never for one moment let up. Except for Sundays, he took only one day off in the whole campaign.

Attacks and accusations. The keynote of the Chandler campaign was attack. He accused Bert T. Combs, the organization-backed judge who was running against him, of thinking about a sales tax for Kentucky. A teetotaler himself, Mr. Chandler on platform after platform referred to one of the opposing leaders in the campaign as a drinker of "whoopee juice." As he left the platform, Mr. Chandler would ask loudly where he could find chocolate milk.

By the end of the campaign, the opposition was boiling. Mr. Chandler was accused of bolting the Democratic ticket in 1948 to support Strom Thurmond, candidate for President that year of States' Rights Democrats. The editor of Mr. Chandler's weekly newspaper had been a cochairman in the Thurmond campaign in Kentucky. But Mr. Chandler told a Louisville newspaper he did not support Mr. Thurmond.

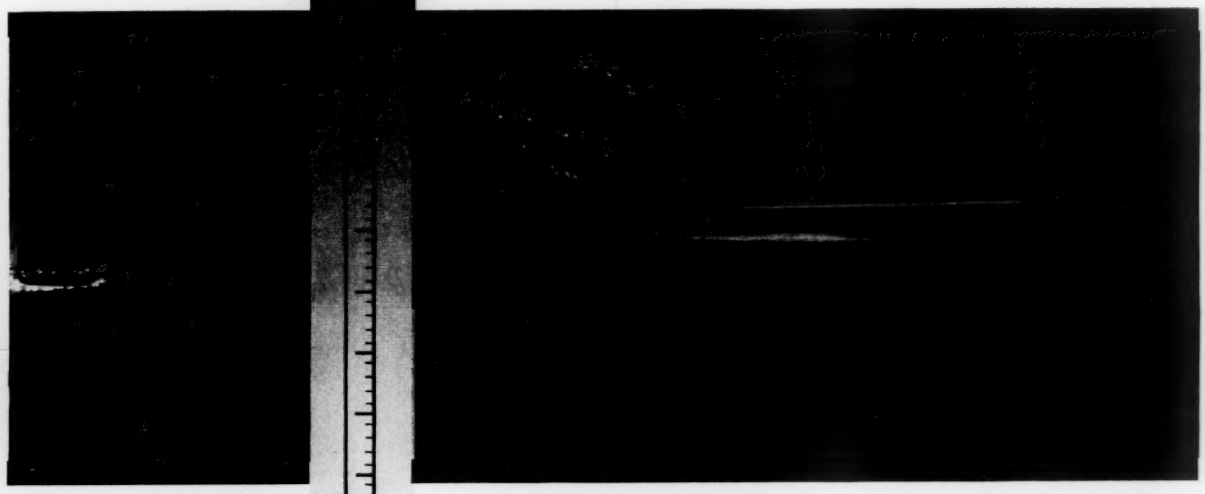
When the voting was over, all of the State Democratic leaders gave formal congratulations to Mr. Chandler for defeating their candidate. They promised coolly to support him in the general election this autumn. But there is a real question whether these men will fight for the election of a candidate who has just finished calling their own leaders such rough names. Kentucky is getting another glimpse of "Happy" Chandler in action.

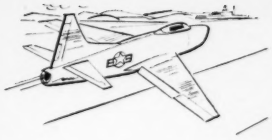
—United Press

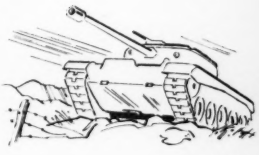
KENTUCKY'S "HAPPY" CHANDLER
. . . 900 speeches did the trick

On the national scene for the Democrats—the story of Averell Harriman's rise as possible nominee for President, page 64.

WINNING THE FIGHT AGAINST FAHRENHEIT







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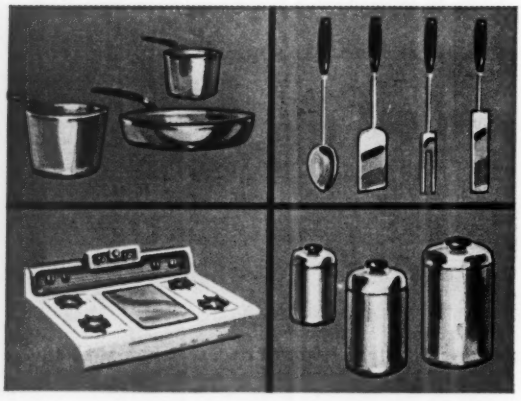

The lady agrees with the architect that her modern, cheerful, Stainless Steel kitchen will be the most beautiful room in the new house. Stainless Steel is the bright, long lasting metal that will not tarnish, is easy to clean and a joy to live with.

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MANUFACTURERS OF STAINLESS AND CARBON STEELS

In Two Key Counties—

SEPARATE SCHOOLS OR ELSE

The Plan Is to Shut Down Rather Than Integrate

What is actually being done about segregation in those areas where the district courts already have laid down the law?

***U. S. News & World Report* sent a member of its Board of Editors into two test areas to get the answer to this question.**

Answer was: Whites say they have no intention of mixing races in schools. This is how they plan to avoid it.

Reported from
SUMMERTON, S.C., and FARMVILLE, VA.

The Supreme Court's ruling against segregated schools is getting its first real test in two Southern counties—Clarendon County in South Carolina and Prince Edward County in Virginia.

These are the only two counties in the nation where federal district courts have served the Supreme Court's orders directly upon local school boards.

Yet the prospect is that it's going to be a long time before Negro and white children attend the same schools in these two counties, regardless of the court decisions.

White people in both counties say they are prepared to close public schools before they will accept racial mixing. They are making serious plans to do just that.

People down here make no bones about their intentions. Ask almost any white man how long it is going to take to mix races in schools and you get an answer like this: "There won't be any mixing."

E. Louis Dahl, of Farmville, Va., put it this way: "The people of this community have given no least indication that they have the faintest idea of working toward integration."

"Out of the question." It's not only private citizens who talk this way. Officials are almost as blunt. S. E. Rogers, of Summerton, S. C., is attorney for the school trustees in Clarendon County's school district No. 1. Said Mr. Rogers: "We do not expect to integrate. Integration is entirely out of the question."

This does not mean that Clarendon and Prince Edward counties are planning open defiance of the Supreme Court.

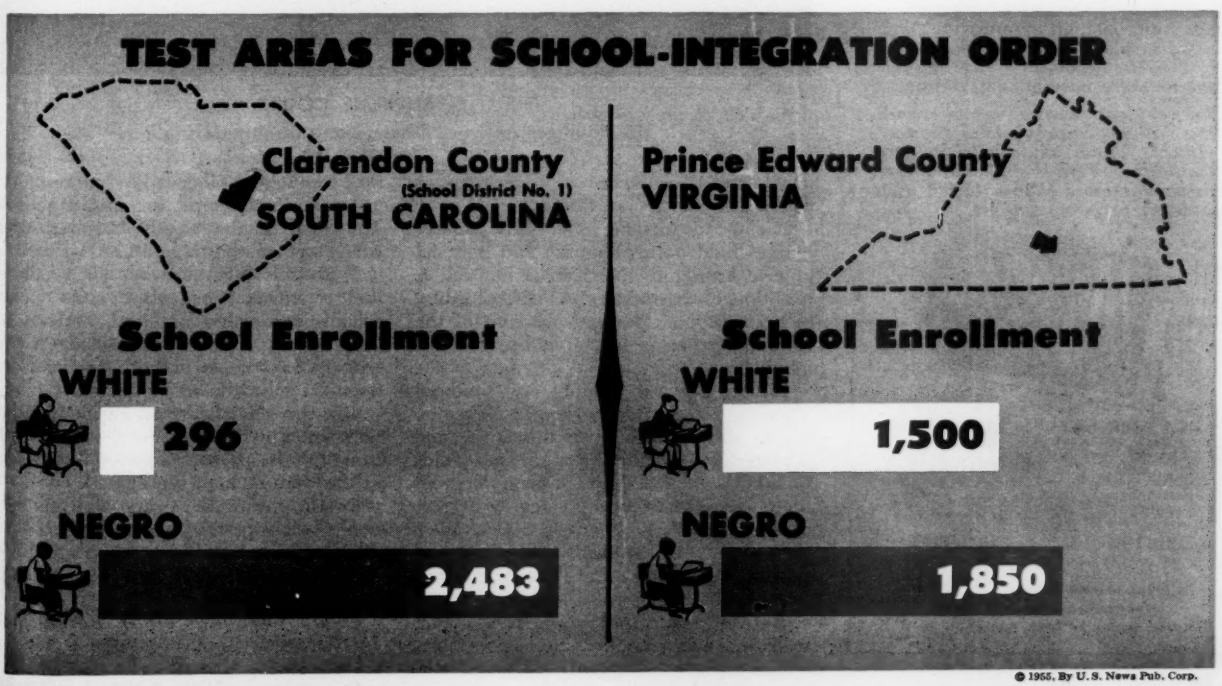
What it means is this: People here interpret the court orders as giving them at least one year of grace before mixed schools will be required. Then, when a court says that a Negro must be admitted forthwith to a previously all-white school, that school will simply shut down.

When a public school is shut down, a private school, for whites only, will be organized to take its place. Then, the white people say, if Negroes want education they will have to organize their own private schools.

There are devices that may be used to postpone the issue of school closing. There is some hope, among whites, that Negroes in these communities can be dissuaded from demanding their newly declared rights, that they may agree to "voluntary segregation."

Both communities also look hopefully to their State governments to come up

(Continued on page 52)



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"I always stay at a Manger Hotel"

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[*continued*]

SCHOOLS: RACIAL OR ELSE?

with some other solution. But, as it looks now, the whites see little hope of "rescue" from outside, and they are preparing to meet the problem with local action.

These are the attitudes, and these are the plans that were revealed to a member of the Board of Editors of *U. S. News & World Report* who visited both Clarendon and Prince Edward counties.

For the first test in the South of the Supreme Court's ruling, two communities could hardly be found where tradition against racial mixing is stronger.

Clarendon County is a cotton-growing area where planters used to own slaves. Cotton raising still is not heavily mechanized, and uses thousands of Negroes as field hands and tenant farmers.

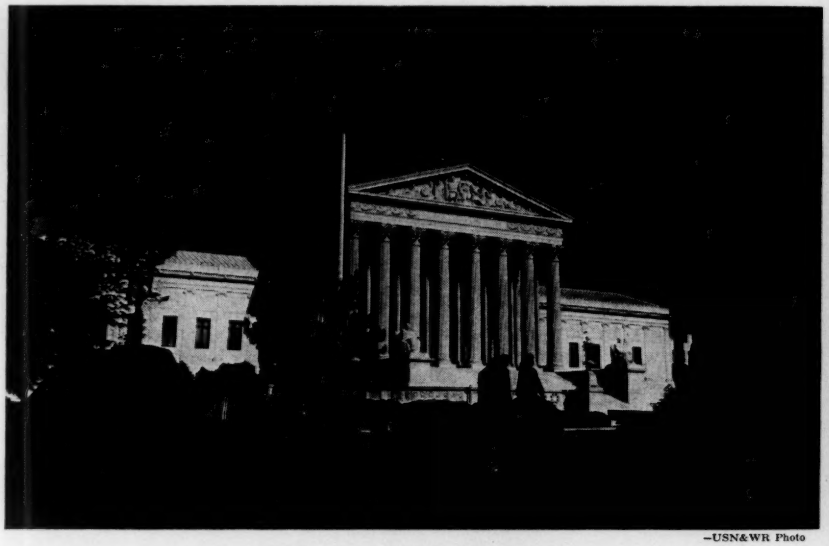
Racial distinctions are very sharp. Whites hold both economic and political power. Voting by Negroes is limited. A tradition of aristocracy exists. According to one resident, "Ninety per cent of the Negroes respect a master-and-servant relationship."

Prince Edward County, in southern Virginia, is a tobacco-growing region where slaves were once numerous and where Negroes still work in the fields in large numbers. Although many Negroes there have gained a high degree of economic independence—nearly 500 of them own farms—they exert little political power. Political and social policy continue to be set by the dominant whites.

Delays approved by courts? In communities with such traditions, the way the courts have handled the segregation issue is regarded by many whites as inviting long delays.

The Supreme Court, it is to be remembered, set no time limit for eliminating separate schools. It left this to district courts to determine.

So far, only two district courts have handed down directions to local officials —one in South Carolina to school district No. 1 of Clarendon County, and one in Virginia to Prince Edward County. Neither court ordered immediate integration. Both said merely that no child should be barred from any school on account of race "from and after such time" as school officials have made "necessary arrangements" for mixed schools. The text of the South Carolina court ruling appears on page 54.



—USN&WR Photo

THE U. S. SUPREME COURT
The Southern answer: "There won't be any mixing"

With this legal leeway, local officials are convinced that they can operate schools segregated as usual, at least for the coming school year—and maybe longer. So schools in both counties will open on schedule in September.

But the officials are taking no chances. So schools will be operated on a month-to-month basis—kept open only so long as they can be kept segregated.

In the meantime, every effort will be made to postpone the showdown. In this effort, Clarendon County appears to be the more "fortunately" situated, from the standpoint of whites.

South Carolina: white dominance. In Clarendon County, several factors are

expected to facilitate the avoidance of mixed schools.

One factor is the social-economic pattern—the dominance of the whites and the survival of their master-servant relationship with Negroes. This increases white hopes of inducing Negroes to accept "voluntary segregation."

White people say that 95 per cent of the Negroes prefer their own schools, and that this majority should be able to "take care of" the dissenters.

Economic pressure on Negroes, under conditions existing in Clarendon County, could be applied with comparative ease, and appears increasingly likely. It is widely discussed. White leaders say they plan to give preference, in hiring teachers and other employes, to Negroes who are not members of the National Association for the Advancement of Colored People.

Another factor is the racial distribution of the population. In the county, there are 9,379 whites and 22,833 Negroes. In school district No. 1 there are only 296 white and 2,483 Negro pupils.

This is seen as a big advantage to the whites if it comes to the point of closing public schools. It would not be, the whites say, a very difficult matter to provide private schooling for only white pupils, with much of the community's wealth concentrated in white families.

Plans being discussed call for a private white school in Summerton, employing the white teachers now on the public-school rolls. Such a school would be financed by contributions—with the well to do footing the bills for some who could not pay their share.

Negroes, it is suggested, would find it impossible to finance private schooling for 2,483 colored children. Thus, closing public schools would mean no schools at all for most Negroes.

Whites concede that such a situation might draw criticism. But their justification is that the Negroes "would have brought the trouble on themselves."

No order to integrate? Closing schools to avoid mixing them is not regarded by whites here as violating the Supreme Court's order. The Court, they argue, has forbidden segregated schools but has not ordered the creation of integrated schools.

"We don't think the decree requires integration," said Mr. Rogers, attorney for district No. 1 school trustees.

An amendment to the South Carolina State constitution, adopted last year, authorizes such closing of public schools.

So the white man's strategy in Clarendon County, as Mr. Rogers put it, is this: "We expect to obtain the Negroes' cooperation [in accepting voluntary segregation] if we can. If not, we will close the schools."

(Continued on page 54)

Get monthly reports a full week earlier—

Fifty hours work for three typists . . . is now done in fourteen hours by one girl—with Ozalid . . .

A food processing company with a dozen branch plants uses twenty-nine monthly reports to keep track of its costs. Three girls spent seven days, typing from four to seventeen copies of the reports.

With forms printed on translucent paper, the figures are penciled in. Now one girl makes the required copies of all the reports in two days. Complete reports are usually ready by the fourth—a full week earlier!

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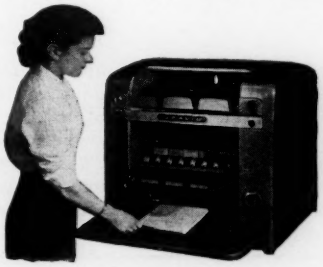
Ask the nearest Ozalid distributor *(see phone book)* to show you how Ozalid can help in your business. Or write 31 Ozaway, Johnson City, New York. In Canada, Hughes Owens Company, Ltd., Montreal.

OZALID—A Division of General Aniline & Film Corporation . . . *From Research to Reality*



OZALID

OZAMATIC *(left) is a table model, handles sheets as wide as 16", and can make up to 1000 prints an hour.*

[continued]

SCHOOLS: RACIAL OR ELSE?

Some Clarendon County Negroes maintain that the whites are overoptimistic in hoping that Negroes will accept voluntary segregation. They say those Negroes who insist on mixed schools, although in the minority, are still numerous and well organized. Even the threat to close schools does not deter them. Said one Negro leader: "We would prefer to go on and suffer some more rather than lose the ground we have gained."

An eventual legal battle, then, seems highly likely, even in Clarendon County. To suggestions that the white people may find their program difficult to carry out, a white leader replied: "It does appear so. But we are going to try."

Virginia: fund control. In Virginia's Prince Edward County, the problems in avoiding mixed schools appear more difficult than in Clarendon County. But the determination seems just as strong.

When the Supreme Court's decision last May made racial mixing appear imminent, the county supervisors shut off operating funds for the coming school year. Those funds later were restored, when the district court allowed a breathing spell, but are to be doled out, month by month, only so long as segregation can be maintained.

Negroes in Prince Edward County show little inclination to accept voluntary segregation. They say they are going to force the issue within a year or so. Thus the prospect is for an early showdown—and a closing of public schools.

Whites of the county are prepared for this eventuality. A private corporation was chartered to raise $213,000 in private contributions to guarantee the salaries of the county's 70 white teachers, and to open private schools if "necessary." Mr. Dahl, treasurer of the corporation, recently reported that $190,000 already has been pledged.

Asked about classroom space, Mr. Dahl said: "We'll hold classes in empty buildings, churches, barns—any place we can find."

Actually, however, the problem of organizing and financing private schools is conceded to have many complications. Prince Edward County, with a white population of 8,538 and a Negro population of 6,860, has 1,500 whites and 1,850 Negroes in its schools. This would require a larger and more expensive private-school system than in Clarendon County. At present more than $300,000 a year is being allotted to white public schools. And, even if public schools are abandoned, Prince Edward County still is obligated to pay some $58,000 a year on school bonds.

Local leaders talk hopefully of State tuition grants for private-school pupils, although investigation of this proposed device elsewhere in the South has led many officials to rate it unworkable.

Privately, some white leaders here acknowledge that the private-school plan can be only a stopgap. But it is the only answer which presently shows any promise of satisfying the white people of Prince Edward County.

What the Courts Said In Latest Segregation Tests

Two special federal district courts, one in South Carolina and one in Virginia, used almost identical language in telling school districts what they must do under the Supreme Court's decision against racial segregation. This is what the district court said in the test case involving school district No. 1, Clarendon County, S. C.:

". . . It is ordered, adjudged and decreed that the provisions of the Constitution and laws of the State of South Carolina requiring segregation of the races in the public schools are null and void because violative of the Fourteenth Amendment to the Constitution of the United States, and that the defendants be and they are hereby restrained and enjoined from refusing on account of race to admit to any school under their supervision any child qualified to enter such school, from and after such time as they may have made the necessary arrangements for admission of children to such school on a non-discriminatory basis with all deliberate speed as required by the decision of the Supreme Court in this cause.

"It is further ordered that this cause be retained on the docket for the entry of further orders herein if necessity for same should arise."

I Could Kick Myself!

"Yes sir. When I think of the money we could have been saving the past few years, I could kick myself. One day the Detrex man pointed out that metal cleaning and surface preparation accounted for ¼ to ⅓ of all operations performed in the average metalworking plant. That started the gears in motion, and after checking, I was quite surprised to find that over 25% of our operations were of that type. Sure, I knew that we had some metal cleaning operations here and there in our plant, but I never realized the extent of the overall operation until we actually made a survey. .

"As a result, savings that appeared insignificant from an individual basis, became very important from the overall standpoint. It certainly changed my thinking regarding chemicals and equipment for metal cleaning and surface preparation.

"Take for instance degreasing equipment. I asked the Detrex man to look over our metal cleaning operations to see what could be done to improve our operation and *cut costs.* The result—we now are using the Detrex Soniclean Process. We always had difficulty getting certain parts really clean because of their shape and contour. Now we clean them by using sound waves. No matter how inaccessible certain spots are, the Soniclean process cleans them *thoroughly.*

"I suppose I'm not the only man that wasn't too impressed with the importance of metal cleaning from the overall operational standpoint. Perhaps you're like me. Maybe you've never taken a good look at the importance of these operations in your plant. If so, you'll be surprised at the total number of operations involved and the extent to which savings can be realized.

"It isn't going to cost you a thing to let the Detrex man make the same survey in your plant. The results will speak for themselves. You have everything to gain and nothing to lose. Give him a crack at it today."

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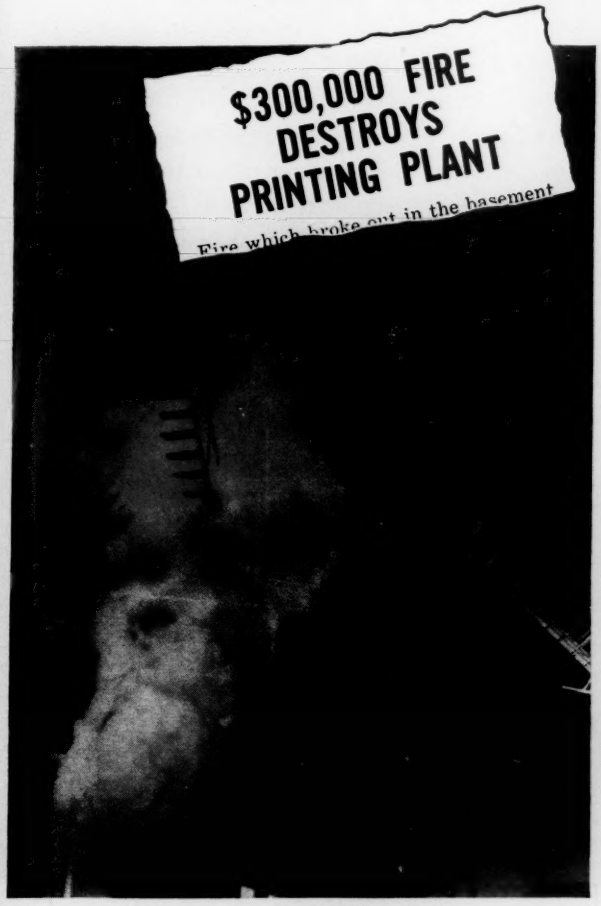
Fire struck *both* printing plants . . .



Fire which broke out in the basement of an unsprinklered printing plant was too big to be controlled by hand extinguishers when discovered. Three occupants were forced to use a fire escape to get out.

Fire which started in the basement of the Meredith Publishing Company of Des Moines, Iowa, was extinguished by the Grinnell Automatic Sprinkler System before firemen — summoned by the automatic alarm — arrived.

Once installed, Grinnell Automatic Sprinklers stand guard constantly, day and night, year after year, to quench a fire at its start. For over 77 years they have been protecting industrial, commercial, and institutional buildings — *and lives* — against loss by fire.

Can you afford to take the chance of a serious fire in *your* plant? Will insurance reimburse you in full . . . for rebuilding, records destroyed, customers driven to other sources of supply, trained employees obliged to seek work elsewhere? No amount of money can pay for loss of life.

Reductions of from 50 to 90% in fire insurance rates usually offset the cost of a Grinnell Automatic Sprinkler System within a few years. After that, these savings are clear profit . . . yielding an excellent return on the investment. While protecting your business and future, the system pays for itself, and then *pays you*.

Grinnell Sprinklers can be installed without bother or annoyance. Ask us to survey your property and submit an estimate. No cost or obligation. Grinnell Company, Inc., 286 West Exchange Street, Providence, R. I.

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Helping Support a Continent

New oil refining capacity in South America promises to result in a marked improvement in the several different national economies of this continent which, until recently, have been largely dependent upon imports of gasoline and other finished petroleum products.

The M. W. Kellogg Company and Kellogg Pan American Corporation have played no small part in engineering and constructing the necessary refinery facilities. These include the completely integrated Destilería Presidente Perón for Yacimientos Petroliferos Fiscales in Argentina, two refineries in Brazil—one in Bahia and one in Rio de Janeiro, and the Empresa Nacional del Petroleo Refinery near Valparaiso—the first in Chile.

All are examples of Kellogg working closely with South American technicians and craftsmen, including the training of customers' key personnel here and abroad, so that maximum advantage of local skills is taken at minimum dollar expenditure by owners. We would like to tell you more about the economic advantages of dealing with the Kellogg organization when planning refinery or petro-chemical installations.

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FROM THE CAPITALS OF THE WORLD

MOSCOW....BERLIN....VIENNA....SEOUL....

>> To see how Moscow runs the Iron Curtain up and down.....

Curtain is going up on the scene inside Russia, hub of world Communism.

Curtain is staying down around Soviet satellites, the junior partners.

You'd think the scene in Russia would be more carefully guarded, more important to Soviet leaders, than anything in the satellites. Nevertheless.....

American farmers are touring Russia, asking questions, taking pictures, even straying from the route of the guided tour now and then.

Soviet atomic scientists are beginning to talk--though guardedly--with American and European scientists at the atomic conference in Geneva.

U.S. visitors to Russia, this year, may total 400. Last year: about 40.

But the satellites remain veiled. Westerners are not welcome.

>> In Berlin and Vienna, next door to satellites, you get this explanation:

Unrest, troubles plague Moscow's junior partners. There are food crises, labor crises, political crises, topped off with so-called spy trials.

Defectors to West worry satellite leaders. It's from satellites, not from Russia, that most defectors have escaped. And the flow is continuing.

People in satellites can't be trusted to stay hitched. Western prosperity, Western ideas are dangerous things for East Europeans to know about just now. Satellite bosses aren't going to let Westerners wander around while their own people are obviously restless and bitter about Communist rule.

>> There's also this factor: Moscow's sudden shifts have fooled the satellite leaders in the past. The Moscow line can change very quickly, and change back just as quickly. Top Communists in satellite capitals want to make no changes, this time, until they're pretty sure the change will last a while.

>> Another reason the Iron Curtain stays shut around East Europe is that the Communists do not want Westerners to see how hard up the people are.

Food is short in every Soviet satellite in Europe. Poland, once a farming area, is having to import wheat from Canada. Hungary, once the breadbasket of the Balkans, is officially admitted to be on a food-import basis.

Factories work on heavy stuff, produce few consumer goods. A Polish miner, for example, has to pay out four months' wages to buy a radio. A skilled worker can afford only one poor-quality suit of clothes--the one he has on.

Worker absenteeism isn't anything the Communists want Westerners to see, either. In Hungary, last year, officials admit, absenteeism in industry was equivalent to a month-long strike by a third of Hungary's working force.

Under these conditions satellite leaders are going to be very cautious,

(over)

very slow about lifting the Iron Curtain. They can't risk the consequences.

>> Moscow's mood, these days, is quite a different story.

"Let's be friends" is now official Soviet policy.

Smiles and slaps on the back are required behavior for Soviet officials.

You get the impression that not only has the Kremlin ordered this "Let's be friends" policy, but that nothing is to be allowed to get in its way.

Soviet diplomats, on meeting Westerners, are apparently to smile, crack jokes, act playful, or party boss Khrushchev will know the reason why.

So you find Premier Bulganin inviting Westerners to an eight-course picnic at his fancy place outside Moscow. Nothing like this happened in Stalin's day.

Nor can Moscow recall anything to match the sight of U.S. Ambassador Bohlen racing Deputy Premier Mikoyan in a rowboat, or Khrushchev and Marshal Zhukov picking wild strawberries in the dell, or Foreign Minister Molotov taking an ambassador's wife rowing, and swamping the boat and dunking the passenger.

Said "Pravda," which never before has been asked to report anything like the Bulganin party: "Animated remarks, jokes and laughter rang out."

Apparently Moscow, and Western diplomats, will have to brace themselves for an era of determined merriment. How long this era will last is the question.

>> In Seoul, U.S. now finds itself in this uncomfortable position:

U.S. troops are having to defend Communists, officials of truce commission, against attack by mobs of rioting South Koreans. Rioters echo their Government's charge that Communist officials are spying, preparing an attack. U.S., however, is under United Nations obligation to protect the truce commission. Meanwhile, U.S. soldiers and South Koreans--but not Communists--are being injured.

>> To make matters still more embarrassing for the U.S.....

Korean truce has been regularly violated by the Communists. They've ignored it, gone right ahead to build up bases, armed forces in North Korea, while U.S. and United Nations in South Korea have felt obliged to live up to truce terms.

In truce operations, Polish and Czechoslovakian members stop every attempt of Swiss and Swedish members to inspect North Korea, while Communist inspectors have been free to see pretty much all that goes on in South Korea.

Inspection system in Korea is thus a farce. U.S. knows it. So do the Swiss and the Swedes. They have been trying for months to pull out.

>> South Korean rioters are simply calling world's attention to this situation --at a time when U.S., Red China are talking politely to each other at Geneva.

South Korea's hunch is that it will be left unprotected, that Korea never will be unified, if U.S. and Communist China ever do make peace.

U.S. policy, though, is to avoid more war in Korea, to try for peace even if it takes years of talk. Rioting South Koreans tend to mess up this policy. U.S. request to South Korea, therefore, is to stop rocking the boat, please.

>> In Saigon, another U.S. ally, Premier Diem of South Vietnam, is balking at truce terms he didn't sign but is asked to support. Diem refuses even to talk with Communists about elections for all of Vietnam.

Diem's reason: Communists, whatever they say, won't permit free elections.

Communist game now will be to capture Vietnam by subversion, infiltration.

Icy Nerves

Getting in and out of a big city on a holiday weekend, of course, calls for icy nerves and a steady hand. Traffic on the George Washington Bridge, from New York City to New Jersey, soars from its daily average of 85,000 cars to as much as 134,000 and jams have developed on Route 17, the feeder line, as far as Monticello, New York, 84 miles from the bridge. C. McKim Norton, vice president of New York City's Regional Plan Association, predicts by 1970 it will take an overnight trip to reach the open countryside. Within 15 years, he said, the New York metropolitan area will be a continous tight packed section extending 40 miles north of Manhattan and 70 miles east and west.

Excerpted from a Wall Street Journal story of June 21, 1955.

Buy the Freedom of the Air for YOURSELF!

Statistics prove that corporation aircraft are more than FIVE TIMES safer than automobiles, measured by accident fatalities per 100 million occupant-miles.

BEECHCRAFT offers single-engine and twin-engine aircraft with standards of luxurious comfort equal to the finest motor cars. Cruising speeds of from 180 miles per hour to 215 miles per hour are achieved with moderate percentages of total power.

Many of the top corporations and prominent industrialists depend on BEECHCRAFTS for their daily transportation needs. Some have veritable fleets of BEECHCRAFTS.

You owe it to yourself to inquire about BEECHCRAFTS and which type can serve your interests best. It's time to pull out of the rut of earth-bound traffic!

★ ASK ABOUT BEECHCRAFT'S NEW EXCLUSIVE LEASING PLAN.

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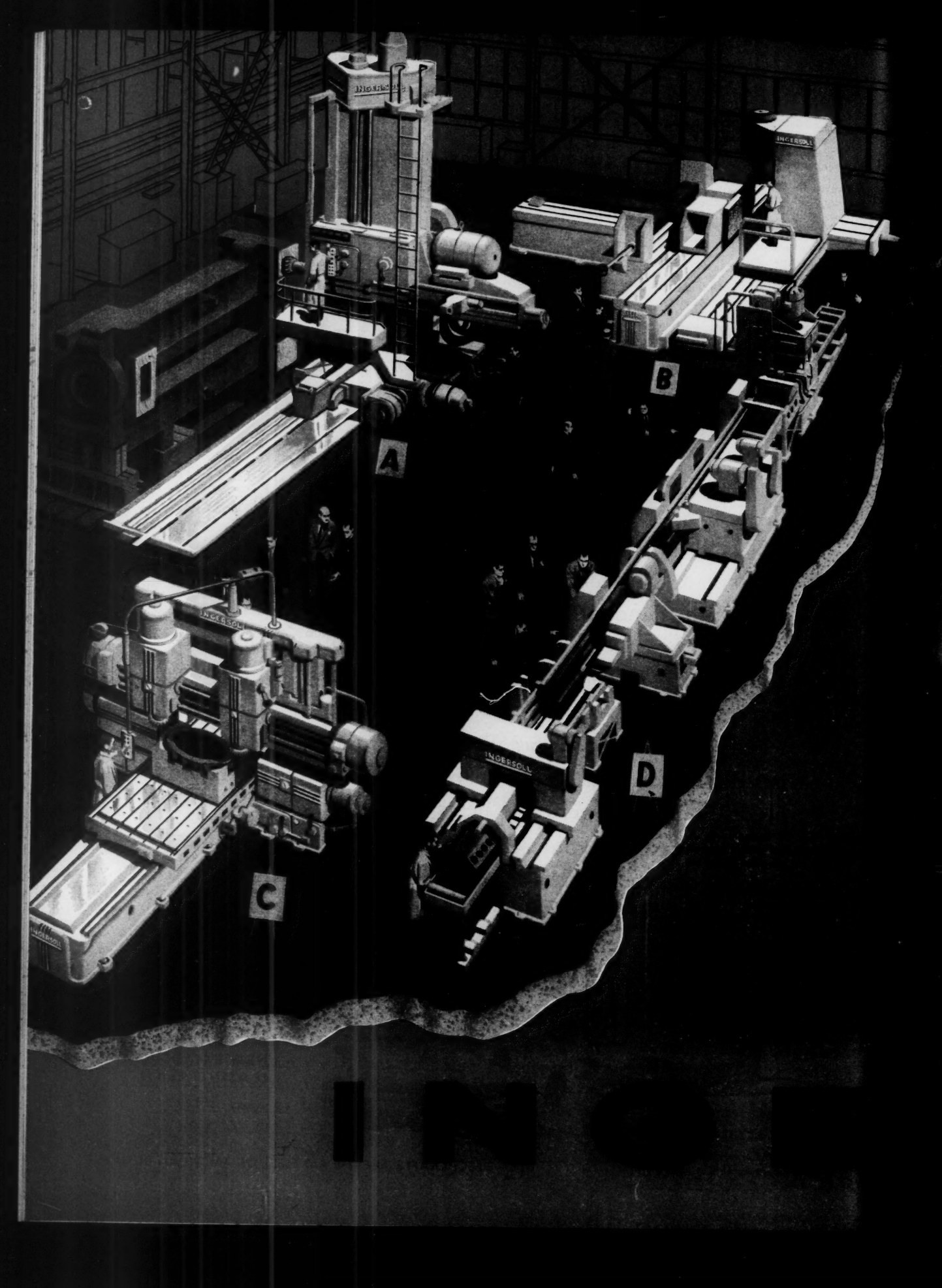

A
B
C
D

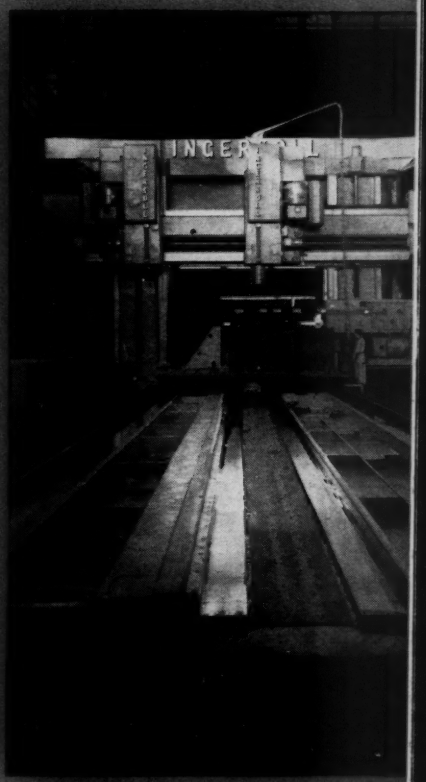
Invitation to visit
INGERSOLL

No Ingersoll machines will be displayed at the Machine Tool Show in September. During September, however, we will be testing eight large machines on our assembly floors—including four adjustable rail milling machines ranging in horsepower from 30 to 100. Our customers will use them for machining refrigeration compressor parts, automobile body dies, and machine tool frames.

We will also be testing a 9-station process machine for the first operations on an automobile cylinder block; a special single station machine for tractor frames; a special vertical spindle milling machine for small die work; and a large 7″ bar traveling housing milling and boring machine for machining rolling mill parts.

The sketches at the left represent four of these new machines. If you would like to see any particular one, our representative will be glad to assist you in getting to Rockford when it is running.

Our own machine shop will be working day and night during September on parts for machines we will ship during November and December. The photos at the right show four recent additions to our heavy milling department. We would like to have you see these machines under production conditions.



A 1,150,000 pound Ingersoll Adjustable Rail Milling Machine with 850 total connected horsepower—the largest milling machine in the world.

An Ingersoll 8" Bar Opposide Machine specially designed for heavy milling and accurate boring on our own machine parts.

INGERSOLL MILLING MACHINE COMPANY ROCKFORD, ILL.

SAYING "SOMETHING GOOD ABOUT OURSELVES"

by Herbert Hoover

During the last score of years our American way of life has been deluged with criticism. It comes from our own people who deplore our faults and genuinely wish to remedy them. Among these I myself have joined because of my anxieties over mistaken policies and especially the influence of Karl Marx on our way of life.

Criticism comes daily from the habit of our political parties to deplore the opposition. It arises from the forthright refusal of the American people to wash their dirty linen in secret. It comes from our love of sensational incidents where villainy is pursued by law and virtue triumphs.

And it comes from the fuzzy-minded totalitarian liberals who believe that our creeping collectivism can be adopted without destroying the safeguards of free men. It comes bitterly and daily from the Communists at home and abroad who would overthrow our American system. And it even comes from free nations whom we have tried to help.

Altogether, if we look at the criticism alone, we seem to be in a very, very bad way and engaged in our decline and fall.

But we should lift our eyes unto the hills from whence cometh our help. We should occasionally mention something good about ourselves.

We could point out that our American way of life has perfected the greatest productivity of any nation on earth; that our standard of living is the highest in the world. We could point to our constantly improving physical health and lengthening span of life. We could point out that the mechanical genius of our people has, by millions of labor-saving machines, taken the sweat from the backs of most of our people.

In the governmental field, we could suggest that our supposedly decadent people still rely upon the ballot and the legislative hall to settle their differences without a secret police with slave camps.

In the cultural field, we could point out that, with only about 6 per cent of the world's population, we have more youth in our institutions of higher learning than all the rest of the world put together. We could probably enumerate more libraries and more printed serious words than all other 94 per cent of the earth put together.

On the moral and spiritual side, we have more hospitals and charitable institutions than all of them. And we could suggest that we alone, of all nations, fought in two world wars and asked no indemnities, no acquisition of territory, no domination over other nations.

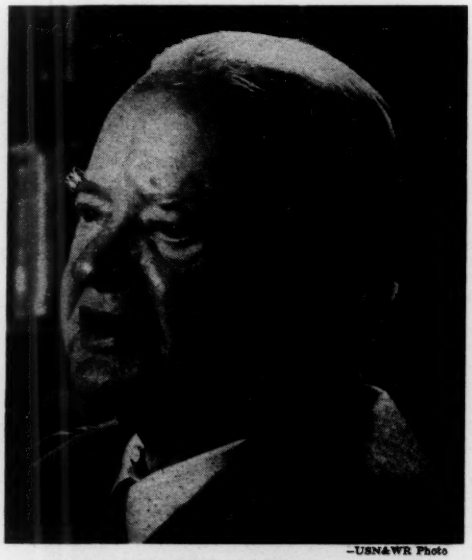
We could point to our advancement of the spirit of compassion. We could prove it by the billions of dollars we have made as gifts to save millions from famine and governments from collapse.

Much as I feel deeply the lag in giving an equal chance to our Negro population, yet I cannot refrain from mentioning that our 14 million American Negroes own more automobiles than all the 200 million Russians or the 200 million Negroes in Africa.

All of which is not boasting, but just fact. And we could say a good deal more.

What does all this mean? It means that freedom of mind, of spirit and of initiative still lives in America. It means that our people are strong in religious faith. Here alone are the open windows through which pours the sunlight of the human spirit. Here alone, even with all its defects, is human dignity not a dream but an accomplishment.

These ideals of freedom and religious faith guarantee there will be no decline and fall of American civilization.



–USN&WR Photo

FORMER PRESIDENT HERBERT HOOVER

The foregoing is an extract from an address delivered by Mr. Hoover at Newberg, Oreg., Aug. 10, 1955, on the occasion of his 81st birthday.

Industry wipes out corrosion with Firestone Exon Resins

Corrosion-free ducts are no pipe dream!

At G. E., Quelcor* PVC Coating keeps flues, hoods, blowers free from damage by strong acids!

Nitric, sulfuric, hydrochloric, hydrofluoric . . . *all* these acids and many more must be used at G.E.'s Philadelphia plating plant. Corrosion-damage to hoods, flues and blowers was chronic and excessively costly . . . until Quelcor Inc., was called in to put a stop to it.

Quelcor dip-coated the duct system and fans, pictured here, quickly and at low cost with a tough, corrosion-resistant, abrasion-proof PVC Plastisol based on Exon 654 resin. For several months now, this duct system has carried the same highly corrosive acids continuously, without a sign of deterioration. Sensitivity of plating solutions remains totally unaffected.

Similar Quelcor-protected equipment has been in use in other plants for over 3 years —and still looks freshly installed. Proving again that no matter how destructive the corrosive, an EXON resin will stop corrosion cold!

● The simple fact is: you *can* stop corrosion. EXON PVC resins are the bases for a wide variety of corrosion-controlling materials. In the form of lightweight structural rigids, linings or coatings, these versatile materials differ in properties, each tailored to your specific corrosion problems. *For details that will interest you in particular, call or write: Firestone Plastics Co.*

**Product of Quelcor, Inc.*
Front and Broomall Streets
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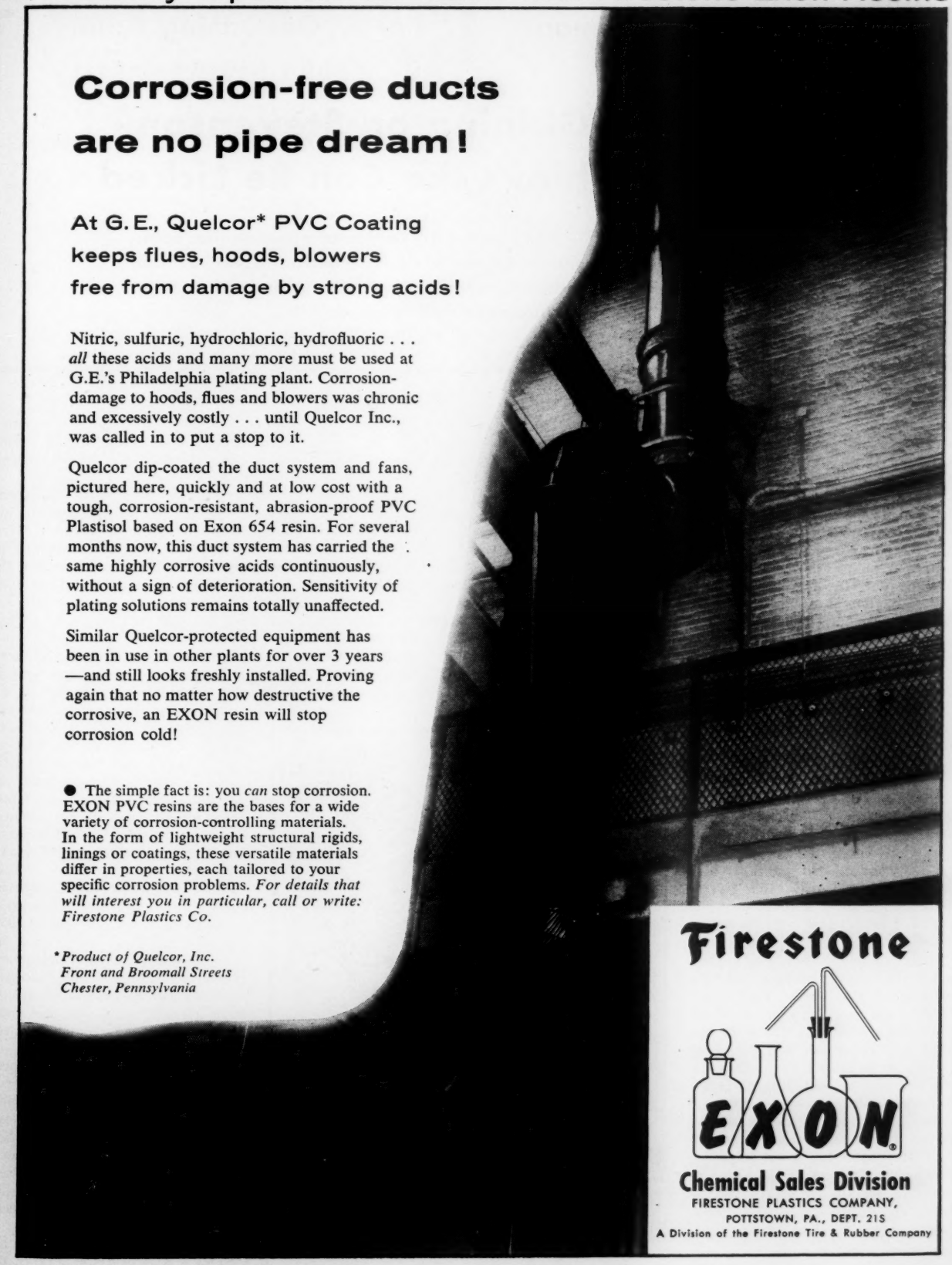

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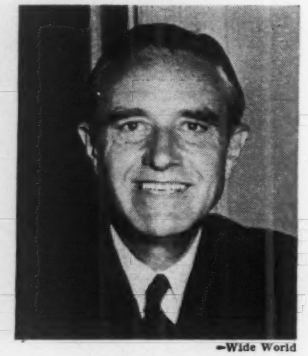
THE MAN... Averell Harriman

THE NEWS... Outrunning Adlai?



—Wide World

Gaining on Stevenson, Thinks Ike Can Be Licked

The race for the Democratic presidential nomination begins to clarify. Politicians see Governor Harriman of New York taking the lead as Adlai E. Stevenson loses ground.

LESS THAN a year before Convention time, a wide-open race for the Democratic presidential nomination is developing, with Governor Averell Harriman of New York now apparently moving into the lead.

Publicly, Mr. Harriman, man of wealth and fervent New Dealer, still is committed to support his good friend Adlai E. Stevenson, the party's 1952 nominee. The Governor, in fact, readily affirms that commitment.

Mr. Stevenson, however, has been losing ground lately, as Democratic politicians appraise the situation. Meanwhile, Governor Harriman's friends, including Carmine G. DeSapio, leader of Tammany Hall, have been working quietly and effectively in his behalf.

Mr. Harriman has done nothing to discourage these activities. Moreover, he says he has no present plan for committing the big New York Convention delegation, which he will control, to support Mr. Stevenson. Obviously, the Harriman campaign is rolling strongly and will be brought into the open when the time is opportune.

These developments, well known within the party, became publicly evident at the recent Governors' Conference in Chicago. Most of the Democratic talk there bracketed Mr. Harriman and Mr. Stevenson as principal contenders for the nomination, with Senator Estes Kefauver third.

Mr. Stevenson's troubles. Governor Harriman's advisers think Mr. Stevenson has been slipping, definitely. For one thing, Mr. Stevenson's health has not been the best. As a private citizen, practicing law, he has no national rostrum which would make it easier to keep himself before the public.

Although still strong in many sections, Mr. Stevenson has his opponents within the party. Some highly placed Democrats think the party should present a new ticket in 1956. Others suggest that whatever Southern support Mr. Stevenson might draw for the nomination would be aimed at stopping Mr. Harriman, and would not assure votes in the election.

In addition, Mr. Stevenson's former wife, Mrs. Ellen Borden Stevenson, recently said he was a "Hamlet" who "can't make up his mind" about running for the Presidency. This was widely quoted together with additional reported statements that she later denied having made. Mr. Stevenson's friends feared that his cause had been damaged.

All in all, Mr. Stevenson's prospects have changed. He is expected to announce his candidacy this autumn. A few months ago, the consensus was that he had only to say he would run and the nomination would come to him automatically. He remains a strong contender but one who just now is thought to be lagging behind Mr. Harriman.

As for Senator Kefauver, he has been described as in need of an issue, or crusade, that would bring him before the public in the way that his televised crime investigation did several years ago. As a Tennessean, he has been deeply interested in the Dixon-Yates private-power contract and has investigated the circumstances under which it was signed. There is, however, little evidence that Dixon-Yates is developing into a lasting national issue.

The Senator could, politicians think, probably amass a number of Convention votes as he did in 1952, by entering State preference primaries which instruct delegations whom to support. Some wonder whether he might not be able to force Mr. Harriman, Mr. Stevenson, or both, to enter such contests against him.

Under all these circumstances, party leaders see an increasing possibility that the nomination might go to Mr. Harriman and are taking a new and closer look at him.

The Governor. Mr. Harriman is 63, one year younger than President Eisenhower. The Governor, tall, trim, lithe and energetic, seems

(Continued on page 66)

—Costello in the Albany Knickerbocker News

"NOT SO FAST, AVERELL"
The New Yorker is pulling ahead

OUTSTATE MICHIGAN

Offers Future Leadership for Your Industry

Every industry needs young people with alert and eager minds . . . young people who will develop into the leaders and the managers of tomorrow.

Outstate Michigan has plenty of future industrial leaders. Many are students in Michigan's universities and colleges.

Within the area served by Consumers Power Company are Michigan State University and sixteen senior colleges.* Construction of the first building for a Flint branch of the University of Michigan is under way. Close by, in Ann Arbor, is the University of Michigan itself, and, in Detroit, Wayne University and University of Detroit. Combined enrollment of Michigan's 40-odd colleges, universities and technical institutions is about 100,000 students.

From Michigan's educational centers come the kind of young men and women that industry needs today and will need even more acutely in the future.

Young people of every degree of skill and training are among the many assets Outstate Michigan offers to industry.

*

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Ferris Institute
General Motors Institute
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Hope
Kalamazoo
Madonna
Nazareth
Olivet
Siena Heights
Central Michigan
Western Michigan

Get the Facts, Mr. Industrialist, and you'll agree . . .

OUTSTATE MICHIGAN IS THE PLACE TO GO PLACES!

FOR INFORMATION CONTACT INDUSTRIAL DEVELOPMENT DEPT.

CONSUMERS POWER COMPANY

JACKSON, MICHIGAN

HARTER 67-T
EXECUTIVE
POSTURE CHAIR

This chair helps you work! New compact design puts you close to your work without bumping desk, straining or sitting on edge.

And the 67-T has all the comfort features found in larger chairs. Foam rubber seat, back and arms. Five adjustments fit the chair to you. Seat and back tilt together in perfect synchronization—you can lean back and relax without your feet leaving the floor.

Here's a compact chair that makes working a pleasure. A free trial in your own office will prove it.

Write for booklet "Posture Seating Makes Sense!" We'll send name of nearest dealer.

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804 Prairie, Sturgis, Mich.
In Canada: Harter Metal Furniture, Ltd., Guelph, Ontario

HARTER POSTURE CHAIRS
STURGIS, MICHIGAN

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For richer tasting rum drinks
DAGGER
Jamaica Rum
97 Proof • Schieffelin & Co., New York

BORED WALK?

Not when you headquarter here. Whether you sit or saunter, your every minute has interest in it.

CHALFONTE-HADDON HALL
on the Boardwalk, Atlantic City, N.J.
Owned & operated by Leeds & Lippincott Co. for 65 years
Write for illustrated folder

. . . In Albany, Harriman has disappointed some "liberals"

10 years younger than his age. Nevertheless, the age factor surely will be considered.

While there are many predictions that Mr. Eisenhower will win with ease, if he runs next year, Governor Harriman insists that the President can be defeated. It would not be easy, he holds, but it could be done.

A start should be made at once, the Governor believes. The President should be held responsible for all the acts of his Administration and not be permitted to retire to an aloof above-the-strife position, he says. Administration links with big business should be emphasized, he adds.

There is also a need for better party organization, a greater degree of unity, those in the Harriman camp say. These sources foresee an effort by many Democrats in Congress to get re-elected as Democrats who supported Mr. Eisenhower. If in that way the Democrats could retain control of Congress, it is asserted, many of them would be willing to let the Presidency go by default.

As a candidate, Mr. Harriman is counting on strong support from groups generally referred to as "liberal." The labor unions would be for him, and so would much of the old political coalition that underlay Franklin D. Roosevelt's strength. Southern Democrats, however, would not like his attitudes on segregation and civil rights.

Silver spoon. Mr. Harriman was born to immense wealth. His father, E. H. Harriman, one of the financial barons of the nineteenth century, left a fortune of 100 million dollars to him and a brother. The Governor has been a hard worker all his life, nevertheless.

After Groton and Yale, he set about developing his father's railroad holdings and helped establish a Wall Street investment-banking house. He also inherited his father's Republicanism. He left the Republican Party in 1928, however, to vote for Alfred E. Smith, and in 1932 he supported Mr. Roosevelt.

New Dealer. The New Deal drew Mr. Harriman to Washington. He worked in the National Recovery Administration, became its administrative head. His big jobs, however, were in the foreign field. Before Pearl Harbor, Mr. Roosevelt sent him to London to expedite Lend-Lease shipments.

Later, he became Ambassador to Russia, and in the closing phases of World War II he was quick to discern and report Russia's emerging postwar attitudes. He remains highly distrustful of Russia's purposes, however friendly Moscow may seem at the moment.

Postwar years took Mr. Harriman to London as American Ambassador, into President Truman's Cabinet as Secretary of Commerce, and then abroad again as a roving ambassador in charge of the flow of Marshall Plan billions. In all his years of public service, however, Mr. Harriman never had been elected to public office.

In 1952, Mr. Harriman began worrying that the Democratic Party might abandon the principles of the New Deal and Fair Deal. He tried to find out whether Mr. Stevenson intended to run, but the latter would not say. Mr. Harriman did not want Senator Kefauver to get the nomination, felt that the Tennessean should be stopped.

So in May, a late date in the pre-Convention campaign, Mr. Harriman entered the contest. He received 123½ votes on the first ballot and 121 on the second, of a total of 1,230. Both totals included more than 80 votes from the New York delegation. On the third ballot, Mr. Harriman withdrew in favor of Mr. Stevenson.

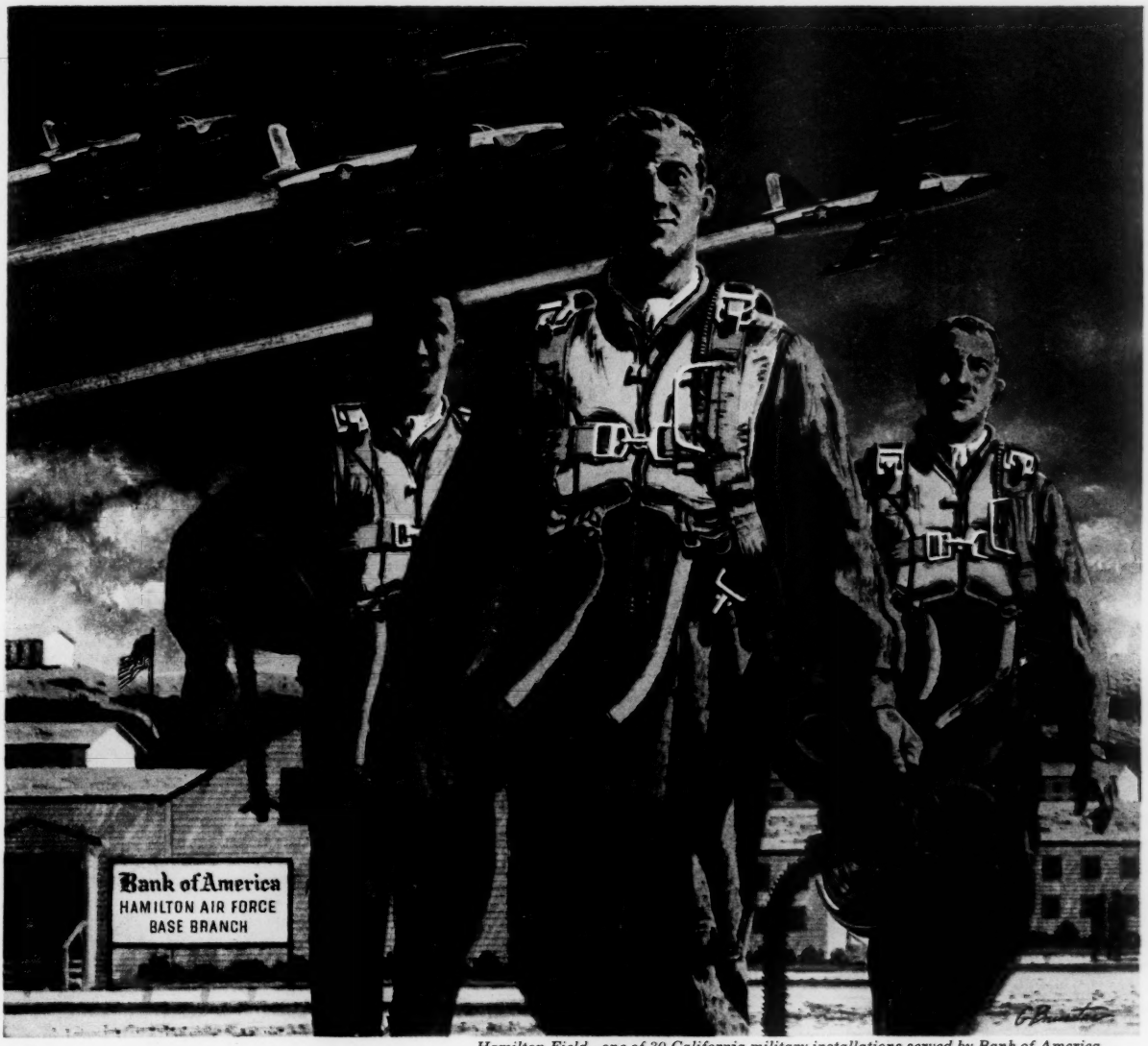
Politician. Meanwhile, Mr. Harriman and Mr. Stevenson had become close friends. The Governor at the same time formed a firm alliance with Mr. DeSapio. Last year, Mr. DeSapio almost singlehandedly gave Mr. Harriman the New York Democratic nomination for Governor, when it seemed sure to go to Franklin D. Roosevelt, Jr.

Mr. Harriman ran as a super-New Dealer. With the DeSapio organization hard at work, he won, but his victory was narrow. He squeaked through by 12,000 votes. The result was, in any event, that, as Governor of the nation's most populous State, Mr. Harriman acquired a real claim on the Democratic presidential nomination and his debt to Mr. DeSapio became obviously great.

As Governor, Mr. Harriman has disappointed some of his more "liberal" followers. In Albany there has been nothing startlingly New Dealish about his proposals. He settled into the job with unexpected ease and quickly found that he enjoyed being the Governor of a great State.

As for 1956 issues, friends say the Governor thinks the most important thing is not an issue as such, but what is termed the coldness of the Administration toward the people. He is said to think the people are beginning to feel this, coming to the conclusion that this is an Administration devoted to special interests, with small concern for the little voter.

On that basis, Mr. Harriman is out for the nomination, and, many close to the situation believe, may get it.



Hamilton Field—one of 30 California military installations served by Bank of America

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Tennessee Gas plays a major role in the dramatic development of this new national asset . . . has increased its capacity eight fold in the last ten years . . . will nearly double in the next ten. Its 8000-mile pipeline system, America's longest, assures the populous East a dependable, economical supply of the world's finest fuel.

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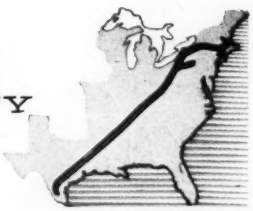

LIFE AROUND THE WORLD®

memo

FROM ENGLAND

'YANKEE, STAY HERE!'

BURFORD—You don't find a "Yankee go home" attitude toward American servicemen in England any more. Once, the British were inclined to resent the American airmen. Now most people are more than glad to have them.

It isn't only that Englishmen realize that the U. S. Air Force is holding an umbrella of safety over their heads while the Royal Air Force retools for the atomic age. There's also the important role that big American bases are playing in Britain's economic life.

Five miles from this tiny village there is a U. S. Strategic Air Force base with a complement of 4,000 men. Its commander estimates that his base puts 1 million dollars a month into British pockets—dollars that would be lost if the Americans went home. When you stop to think that 80,000 U. S. airmen and their families are stationed in Britain, you get some idea of just what the total outpouring of dollars amounts to in a year.

The U. S. Air Force is **almost** Britain's largest single source of dollars now, having moved ahead of Scotch whisky and American tourists as a revenue producer. Last year, Scotch whisky sold in the U. S. brought in 54 million dollars—but the Air Force spent well over 150 million dollars in this country.

Ham hocks and doughnuts. If you travel around Britain much, you get a good idea of what these dollars mean to shopkeepers, landlords, service-station operators, tavernkeepers and others. The men stationed at the base at Brize Norton, near here, spend 2 million dollars a year in surrounding communities for such things as rent, food, transportation and entertainment. The base spends 2.8 million dollars for electricity, water, telephones, salaries of Britons working on the base and so on. Another large sum is spent for construction work.

This flow of money into the British economy has had its impact on small towns and villages all over Britain. You find dry-cleaning shops with signs in their windows advertising one-day service,

(Continued on page 70)

—Wide World

U. S. AIRMEN SHOP IN ENGLAND
British businessmen would hate to see them go

EUROPEAN BUSINESS

can be mixed with pleasure!

It's legitimate as the day is long . . . and the most blissfully relaxing and soul-restoring pleasure you could long for. It so happens that certain luxurious but surprisingly inexpensive *cruises* aboard two of the biggest and most modern ships on the Atlantic are *cruises to Europe!* The ships are the *Independence* and *Constitution* of American Export Lines, and the cruises (8 of them) are American Export's *Sunlane Cruises to the Mediterranean.*

Need more time in Europe than a cruise allows? Take the time you need and catch the *next* cruise back! *Sunlane Cruises* leave New York Sept. 22, Oct. 5, 15 and 27, Nov. 8, 18, 30 and Dec. 10, each 20 days round trip. The weather? Even *November* on the Sunlane to Europe is warmer than *April* in New York!

Connections are excellent from cruise ports to almost all of Europe (4, 5 and 6 different ports, depending on the cruise you choose) ...from Cannes, for instance, on the French Riviera, you can be in Paris overnight aboard *Le Mistral,* one of the crack express trains linking the two cities.

If you're so minded, it's the ideal way to take the family with you. While you do business, let them stay with the cruise or holiday along the Mediterranean, depending on the time you need.

Rates start at $670 for First Class. Air conditioned stateroom. Private bath (as a rule with shower, not tub). Cuisine? It is unsurpassed, afloat or ashore.

Call your Travel Agent for reservations and all details.

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"Aunt Mary's telephone is ringing - -

I can hear it!"

No, Betty, you don't really hear the telephone ring . . . what you hear is a separate signal sent from the telephone exchange, duplicating the rhythm of a ringing telephone.

Automatic Electric invented this ringing tone to keep telephone users informed of progress on their calls. As originators of the dial telephone, Automatic Electric also pioneered the courteous, automatic "on-and-off" ring that *really* calls your party to the telephone.

These signals—as well as the dial tone, the necessary (if unwelcome!) busy signal, and many other telephone service features—were developed years ago by Automatic Electric, for its customers, the Independent telephone companies of America. Other manufacturers adopted them, and they are now standard throughout the world.

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Businessmen profit, too, from Automatic Electric's continued leadership in telephone and related products:

- *P-A-X Business Telephone Systems, the automatic systems for faster, easier, internal communications.*
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Full information about Automatic Electric products for *your* office, plant, or product may be obtained from Automatic Electric Sales Corporation (HAymarket 1-4300), 1033 West Van Buren Street, Chicago 7, Illinois. *Offices in principal cities.*

AUTOMATIC ELECTRIC

ORIGINATORS OF THE AUTOMATIC DIAL TELEPHONE

memo

. . . Britons scramble to satisfy American tastes

something almost unheard of in this country before the Americans came. You see butcher shops proclaiming their skill at cutting meat "American style." There is a shop in South Ruislip that features ham hocks and beans "Southern style."

British grocers and confectioners are learning to cater to the American taste through their sales to the base post exchanges. Nearly 300 tons of doughnut flour were bought from British sources last year. The Americans ate 96,000 gallons of British ice cream, drank $9,000 worth of soft drinks and used up $72,000 worth of paper cups. In 1954 British dealers earned $500,000 in the sale of food to air-base snack bars.

Automobiles and shoes. Here in the Cotswold country the Americans have long since ceased to be a novelty. They are in evidence in the small towns, where their American automobiles stand out in sharp contrast to the tiny British cars of the villagers. Along the highways you see service stations that advertise their ability to repair and maintain American cars, and they do a flourishing business.

The GI's spend money on British automobiles, too. Last year, the post exchange bought 1.5 million dollars' worth of British cars to sell to American airmen, and $30,000 was spent for tires, tubes, batteries and other equipment. In one year, U. S. servicemen bought $181,000 worth of British motorcycles and motor scooters.

In addition to automobiles and equipment—which make up the biggest single purchase category—post exchanges spent $500,000 for British clothing, more than half of it for sweaters. Twelve thousand pairs of British shoes were purchased by the airmen and their families at a cost of $70,000.

If Americans left . . . The air bases that dispense all this money are permanent Royal Air Force stations loaned to the U. S. Air Force. If the RAF were to take them back and staff them with British servicemen, not only would the country feel the loss of dollars, but nearby communities would get a shock. British air crews are paid far less than their American counterparts, and have less spending money.

The British shopkeeper leaves it to the economists to worry about Britain's dollar supply. What he knows is that the American GI spends a lot of money in his place, and he doesn't want to hear any loose talk about "Yankee go home!"

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

CUT-PRICE U.S. FOOD MAY GO TO RUSSIANS

How about selling the Iron Curtain countries vast quantities of food and fiber from the U.S. stockpile of farm surpluses?

That's being asked, more and more, by farm leaders seeking outlets for the products in bulging Government bins.

But the big, practical problem remains—how could the Russians pay for any sizable purchases?

All along the line pressures are building up to lower the barriers that bar or limit trade with the Communist empire.

There is strong pressure from farm organizations to permit sale of surplus farm products to the Soviet Union and to other Communist countries on the same cut-rate basis that they are now offered to non-Communist countries. Some U. S. manufacturers are eying the potential market in the underdeveloped nations of the Communist orbit.

Russia's top farm officials, now visiting in the Midwest, have been welcomed in four of the nation's largest farm-machinery plants. The Russians have said frankly they would like to buy. The manufacturers, operating below capacity, are willing to sell.

Hints have come from the White House that the barriers now standing in the way of farm-machinery sales may soon start to come down.

So farm organizations are posing the question: Why not open the door for sale or barter of farm surpluses to Communist countries on the same basis that they are traded to nations outside the Iron Curtain? Why keep the bars up anywhere if sales can be made? To back up their argument they say:

- Any money the Communist nations spend on food is that much less they will have to spend on armaments.
- It would be better to trade surplus American food to the Communists for strategic materials than to let the food spoil in Government warehouses.
- Deals should be permitted for propaganda value. Export of food to

(Continued on page 72)

Why U.S. Farm Leaders Eye Russian Markets

In the year ended June 30—

U.S. sold, bartered and gave away surplus farm products worth about . . . . $2.3 billion

Even so—

U.S. taxpayers' investment in surpluses rose by $1.2 billion to about . . . . . $7.2 billion

Available for sale from this surplus stockpile are products worth . . . . . $5.3 billion

These include:

	QUANTITY	COST TO TAXPAYERS
WHEAT	939 million bushels	$2.4 billion
COTTON	6.4 million bales	$1.1 billion
CORN	567 million bushels	$952 million
BUTTER	182 million pounds	$116 million
CHEESE	268 million pounds	$108 million
DRIED MILK	132 million pounds	$23 million
RICE	1.3 billion pounds	$135 million
WOOL	150 million pounds	$99 million

Under present rules—

Friendly nations are offered surplus U.S. products at cut-rate prices

Russia and other Soviet-bloc nations are not allowed to buy at any price

BUT

As farm products keep pouring into Government warehouses

Pressure is mounting to offer nations in the Russian bloc the same deal that friendly nations get in buying surplus farm commodities from U.S.

Source: Agriculture Dept.

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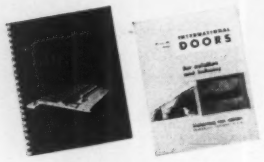

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- Railroad Car Components
- Stainless Steel Products

Meeting the construction schedule for the project pictured above left no margin for delay. Demand for Brown & Williamson's fine tobacco products threatened to outpace productive capacity. Immediate expansion of already huge manufacturing facilities became a "must."

This, in turn, demanded extra-speedy delivery of structural steel. And that's an International Service *specialty!* Each lot of this big-tonnage order was on the job, timed to meet tight erection deadlines. Each got there in good order, exactly as ordered. Within two weeks after International's first delivery, this king-size tobacco plant was growing . . . *fast!*

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INTERNATIONAL STEEL COMPANY

It's tough to enforce trade restrictions . . .

Soviet-bloc nations would show that America has enough and some to spare.

• Other Western nations are already cashing in on sale of farm products to Russia at bargain prices.

• With world trade flowing more freely between East and West, it's impossible to enforce present restrictions. Many U. S. farm surpluses—in one way or another—are winding up behind the Iron Curtain.

Bins are bulging. Very much a part of the argument, as well, is the record-breaking stockpile of surplus farm commodities. Agriculture Department statisticians estimate that Government bins and warehouses now hold farm products worth 5.3 billion dollars. The Government also holds, as collateral for price-support loans made to farmers, 1.9 billion dollars' worth of farm products. Thus, it is estimated, total investment by American taxpayers in surplus food and fiber comes to around 7.2 billion.

There's more coming, too. Crop-reporting officials are just out with a prediction that 1955, previously rated as second-highest crop-production year on record, may now equal the record year of 1948. Corn production will be almost a fifth greater than it was last year, when the crop was just below average.

To halt the surplus build-up, Secretary of Agriculture Ezra Taft Benson has cut wheat and cotton acreage to the bone and applied many other restrictions on crop production. Armed with the broadest surplus-disposal authority ever granted a Secretary of Agriculture, he has given food away at home and abroad, sold it at cut-rate prices for foreign currency, bartered it for strategic metals and other materials. In all, he got rid of an estimated 2.3 billion dollars' worth in the year that ended June 30.

But, while Secretary Benson was shoveling the surpluses out one door, new ones were coming in another. The stockpile grew from 6 billion dollars to the current high of 7.2 billion.

Unless exports of farm products can be expanded, the outlook is that farmers will be operating under production controls for many years to come—possibly a decade. For the next two or three years the controls will be as tight as they are now, perhaps tighter. So the prospect of stepping up farm exports by dealing with countries in the Soviet orbit is an inviting one to U. S. farm leaders. It would ease planting restrictions and improve farm-product prices.

Bottomless pit? If the rules that limit trade with the Communist empire are changed, just how big a market awaits

. . . Do Russians want machines more than food?

U. S. farm surpluses behind the Iron Curtain? Some trade specialists describe the hoped-for market as a "bottomless pit." Others say the Kremlin is lukewarm to the idea of buying food and fiber from the U.S.—that Soviet leaders are interested mainly in getting farm and industrial machinery from this country.

The Russian officials, themselves, have said little to indicate that they are in the market for American surpluses. Farm leaders in this country say the Russians are waiting for the U.S. to make the first move so they will be in a better position to buy at bargain prices.

There is no doubt that sales to the Communists will have to be at bargain

—USN&WR Photo

RUSSIANS VIEW MACHINERY
. . . they said less about farm products

prices. The Canadians, who have been selling some of their farm surpluses behind the Iron Curtain, have discovered this. In one deal they sold butter to Czechoslovakia for 37 cents a pound. The wholesale price to Canadians is 62 cents a pound. The world price is around 40 cents a pound.

In other deals Canada has sold wheat to Czechoslovakia and Poland. On the sale to Poland the Canadians had to agree to take a down payment of only 3 million dollars on a total cost, including freight, of 19 million dollars. The remainder is financed by loans from Canadian banks guaranteed by the Canadian Government. The agreement with Czechoslovakia is on a similar basis.

Plenty of competition. Obviously, say those who are skeptical of doing a

(Continued on page 74)

FIRST...CHECK FIRST

What goes with moonlight and magnolias?

Progress, zooming industrial expansion, rising per capita income—it all blends perfectly (and profitably) with moonlight and magnolias in Dixie. For the sake of your business, your health, your happiness, and your better life—first check the folks who *know* the new South and what it has for you . . .

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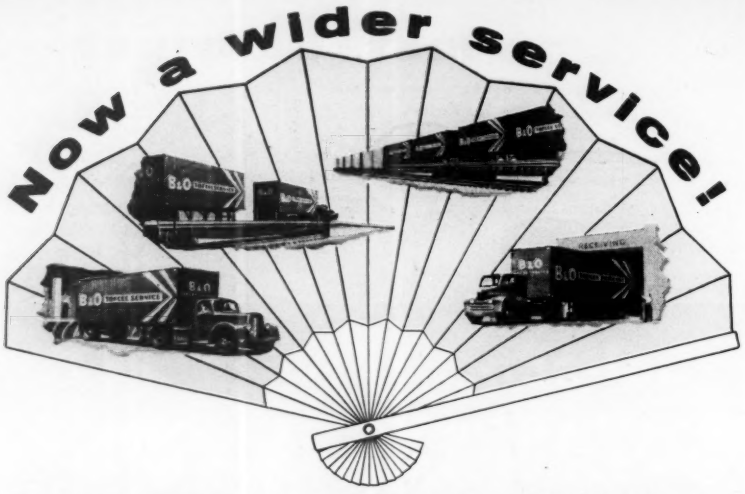

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Ask our man!

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Baltimore & Ohio Railroad

Constantly *doing things*—better!

. . . Red problem: getting funds to buy abroad

brisk business in farm surpluses behind the Iron Curtain, the market in the Soviet orbit hardly fits the "bottomless pit" description. If the U. S. should decide to go after this market, it would have to compete with Canada, and other nations that have surpluses to sell. If the deals that Canada has made with the satellite nations are any indication, the return to the U. S. for the products it would be able to sell would be very small.

This competition with other countries for Communist markets would in itself be another obstacle to a large volume of sales to the Soviet bloc. Experience in selling to friendly nations has proved that. When the U. S. tried to peddle wheat at cut-rate prices to Pakistan, Canada and Australia complained that this country was dumping its surpluses and stealing their markets. It is only logical that similar difficulties will arise if East-West trade is opened up and the U. S. starts looking for markets behind the Iron Curtain for its farm surpluses.

Another deterrent to large-scale exports of U. S. farm commodities to the Soviet bloc is that the products most abundant in the farm-surplus stockpile are those which the Communists need the least. Wheat and cotton, which together make up about half the investment in surpluses, are rarely imported by the Soviets. Butter and cheese are luxury foods for the Communists, so they are not likely to spend their limited dollars for them.

Trade specialists—who point out that the Russians always give up gold reluctantly and usually for items needed to spur production—do not consider it likely that the Kremlin would dip into its gold reserves for food purchases.

Difficult to barter. Another method that is suggested from time to time as a means of sending surplus farm products behind the Iron Curtain is bartering. However, even with intensive U. S. effort in making barter deals with the free world last year, only 281 million dollars' worth of surpluses were traded. And, according to Commerce Department trade officials, the Soviet-bloc nations have little in the way of strategic materials that the U. S. wants.

Thus, in the opinion of many trade officials, it is wishful thinking to hope that the Communist empire is going to absorb a sizable part of the U. S. farm-surplus stockpile on anything other than a giveaway basis. With the Communists doing only 2.2 per cent of the total world trade, they can hardly earn enough money to pay for large quantities of food.

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IN YOUR PERSONAL PLANNING

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You get an idea now about what you have to show the Government to prove your right to the tax break allowed on sick-leave pay.

PAY WHILE ILL. The law provides that, under certain conditions, payments of up to $100 a week that you receive while off the job because of illness or injury need not be counted as income. Now the Internal Revenue Service puts out a form to send taxpayers, asking for information to support the exclusion claimed.

A raft of questions are involved. To answer, you must have on tap the actual dates of your time away from work, the number of work days you lost, the nature of your accident or illness, the amount you were paid, and whether the payments were wages or insurance benefits. If the latter, you must know the percentage of the insurance costs that were paid by your employer, since this can determine what part of the payments is tax-free.

AUDITED RETURNS. Not every taxpayer who claims the exclusion will be mailed the tax form to fill out, however. It's to go only to those whose returns--picked for auditing by the Internal Revenue Service--show information that is questionable or incomplete. Relatively few returns are audited, but there's no way of guaranteeing yours won't be among them.

1955 TAX FORMS. Income tax returns that will be filed next April are to call for more information about the sick-pay exclusion than did those for 1954. Those merely had a line on which the amount claimed could be deducted. Taxpayers who didn't send along a separate sheet substantiating their claims are now, in many cases, being sent the new form to fill out. Some have had difficulty digging up the needed records. You'd do well to keep track now of details about sick-leave pay that the new form asks--it will make filling out your 1955 return simpler, and help ease a checkup by the tax collector later.

AUTO INSURANCE. An important lower-court decision on auto insurance that we told you about a while back gets upset by the New York Court of Appeals. The overruled decision held that damage to your car resulting from a collision may sometimes be covered by a "comprehensive" automobile-insurance policy--even though such policies ordinarily exclude payment for collision losses.

Case involved a car that hit a puddle of water at high speed, incurred damage to the steering mechanism, and veered into an embankment. The lower court held that, because the policy said losses caused by missiles, falling

(over)

objects or water were not to be considered losses from collision, the insurance company had to foot the damage bill. Such clauses are standard in many policies.

Now the Court of Appeals decides this interpretation is too broad. It rules that the term "water" in the policy meant such things as "submersion, inundation or leakage"--not insurance protection for skidding on a slippery road.

POSTAL SAVINGS. The Post Office Department says its new procedure for speedier release of postal-savings deposits of deceased persons has been put into effect in 215 of the nation's major cities. The post office where the deposits were made now can issue payment promptly to the family or estate of the deceased person--provided the executor or administrator has been appointed in that State. Payment requests don't first have to get Washington's O.K.

Original plans to extend the procedure to the bulk of the nation's first-class post offices, the Department says, are being temporarily held up.

STOCK DIVIDENDS. The Internal Revenue Service puts into a formal ruling its view on how the income tax relief for dividends is to apply when stocks are owned jointly by a husband and wife. Such stocks, IRS says, are considered half owned by each, no matter who put up the funds to buy them. Thus half the dividends received may be counted by each spouse toward the $50 maximum the law allows as an exclusion from income.

One spouse, however, cannot claim any part of the $50 exclusion not used by the other. Suppose, for example, the couple receives $30 in dividends from jointly owned stock, and the husband gets $70 from stock he owns separately. The wife is entitled to $15 exclusion and the husband only to $50.

BREAD WRAPPERS. Enriched white bread keeps its vitamins better when wrapped in opaque waxed paper. That's a report made at a meeting of food technologists. Tests show that light breaks down the important B vitamin riboflavin, and that bread wrapped in opaque waxed paper keeps as much as 40 per cent more of this vitamin than bread wrapped in cellophane.

SAFETY BELTS. This to answer a reader's query: The practice of giving lower rates on automobile insurance to people who equip their cars with safety belts--as is being done by a Louisiana company--isn't likely to spread. Insurance authorities tell us the big national companies see too many problems involved--not the least of which is the fact that merely equipping a car with safety belts doesn't mean people will use them.

Two automobile manufacturers are to offer such belts as optional equipment on 1956 models. Studies show that the belts--installed so they anchor to the frame of the car--significantly reduce auto-accident injuries.

TRAVEL. If your current vacation is giving you ideas about traveling abroad next summer, you'd be wise to get your steamship reservation in now. Travel agents tell us that 40 per cent of the space for the peak part of the 1956 season already is taken, with cabin and tourist class especially tight.

TICKS. You can get a new Department of Agriculture leaflet titled "Wood Ticks--How To Control Them in Infested Places" from the USDA's Office of Information, Washington 25, D.C. It's free.

Rustproof aluminum inspires an easily built summer house and a new mode of outdoor living

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What's this strange knack aluminum has for doing things with your imagination? It springs from a combination of talents possessed by no other material—beauty, strength, lightness, workability and just plain everlastingness.

That's why you see more and more aluminum being used today in science, industry, transportation, on the farm, in your home, *everywhere.*

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Fortunately, in the great undeveloped rivers and waterways of near-by Canada's northland, there lie ready and waiting some of the world's most dependable sources of economical hydroelectric power . . . power that can be devoted exclusively to the production of aluminum.

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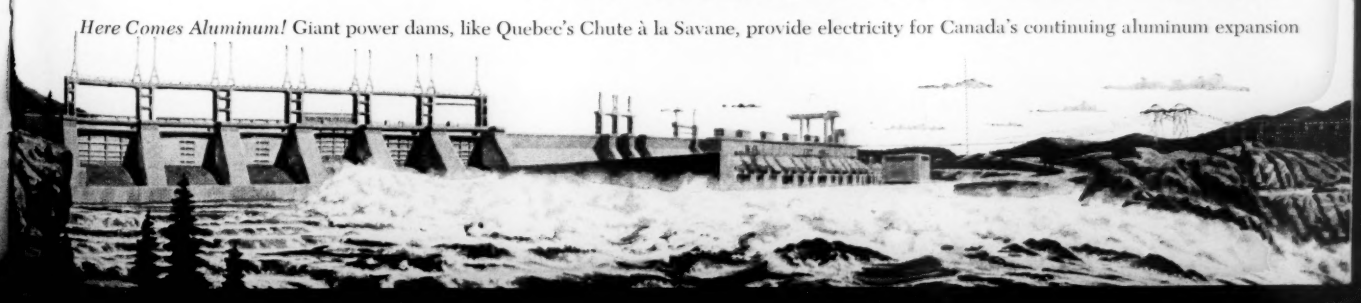
Aluminum from Canada

Here Comes Aluminum! Giant power dams, like Quebec's Chute à la Savane, provide electricity for Canada's continuing aluminum expansion



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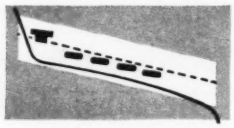

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NEXT BIG PUSH BY UNIONS

Main Goals After Merger: Organizing, Politics

Both employers and politicians are going to notice a difference when AFL and CIO merge.

Big drives are being planned to unionize the South and the white-collar workers,

Increased political power is to be sought, with all labor united on the same candidates.

End of rivalry between unions will be welcomed by some employers—not by others.

CHICAGO

As the first order of business, after merging, the AFL-CIO plans to undertake these things:

- Set under way organizing drives aimed at nonunion industry in the South and office employes throughout the nation. A fund of several millions of dollars is being proposed to finance these drives.
- Streamline a political organization—again backed by a multimillion-dollar fund—in time for the primary elections and then the general elections of 1956. Organized labor places great importance upon the elections of next year—all the way from those involving State or local offices and members for the U. S. House and Senate to the Presidency itself.
- Form big unions out of the rival AFL and CIO unions now competing in various industries. The aim is one large union for each industry, with more members, bigger strike funds.

Employers and politicians are going to notice the difference in many ways once the nation's two big labor organizations complete their merger formalities in December. An AFL convention here last week prepared the way. A final AFL meeting on December 1 is to take legal steps for creation of the new "American Federation of Labor and Congress of Industrial Organizations" at a combined convention on December 5.

More union activity. Interunion rivalry in recent years has tended to slow union expansion. This somewhat static period in union development now is expected by top leaders of the AFL and CIO to give way to a period of much greater union activity. Industries that are to feel the effects of this change already are being singled out.

Textile mills in the South, unorganized for the most part, again will find organizers in their midst. Since 1946, the CIO Textile Workers Union has been conducting an intensive drive in the South. In 1951, however, the union took a severe setback when it staged a Southern walkout and lost. Now it admits that only a small fraction of the industry is under union contracts.

Chemical and plastics industries also are slated for union drives. Again, many of the plants are in the South. Earlier attempts to unionize them have not been successful.

White-collar workers. Targets of a special new drive will be white-collar workers, who generally have opposed unionization in the past. The AFL announced that it is putting extra money into an effort to unionize the 8 million office and clerical workers of the nation. Officials estimate that fewer than 200,000 now are organized.

Retail stores also are marked for special organizing attempts. Unions in the past have found it difficult to make headway in this field. In one phase of the new drive, the Teamsters and Meat Cutters unions, both AFL, are to spend $200,000 in a joint organizing effort in the meat-handling industry.

Lumbering and furniture plants in Southern States are to get visits from organizers as part of another drive.

Those are some of the organizing drives now scheduled. George Meany, AFL president, who will head the combined federation, plans to stage a big drive to recruit millions of new members.

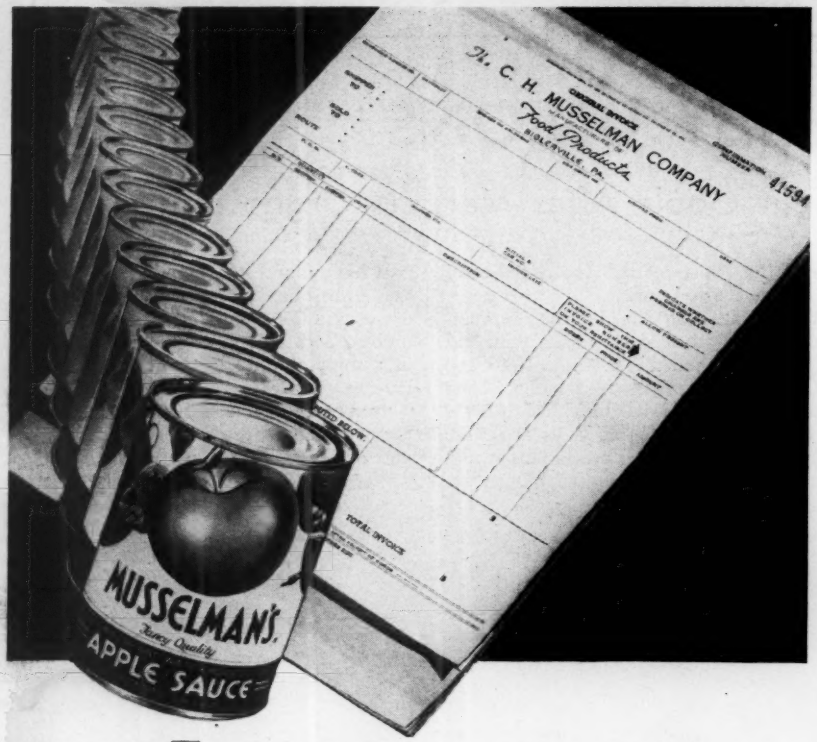
Walter Reuther, CIO president, is ready to chip in 1.5 million dollars from his Auto Union's treasury for such a drive. Mr. Reuther invited other big unions to put up some cash, too, but there has been no rush to donate. Some AFL unions are not anxious to help finance an organizing drive that may strengthen the industry-wide unions now in CIO, possibly at the expense of competing unions in the AFL.

However, some of the competition apparently will be eliminated. In some

(Continued on page 82)

—United Press

GEORGE MEANY AND WALTER REUTHER
. . . more members, bigger strike funds?



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Union merger to ease some companies' problems . . .

industries where rival unions have been fighting each other for nearly 20 years steps are being taken to unite the AFL and CIO affiliates.

Employer reaction. For some employers, who have capitalized on the rivalry between unions by playing one off against the other, these mergers will be a handicap. Other employers, who found the union rivalry a nuisance, will prefer to deal with one union.

Officials say there is a good chance of mergers in such fields as textiles, papermaking, shoe manufacturing, lumbering, meat packing, aluminum, cement,

—Morris from Wide World

"DON'T LOOK NOW, BUT—"
. . . tighter ranks in '56

office employes and insurance workers. Some of these already are co-operating in their bargaining with employers.

Not all unions will be included in the AFL-CIO merger. Various independents, including the large United Mine Workers and the Railroad Brotherhoods, have not been in on the merger talks.

Political plans. It is in the field of politics that union leaders themselves expect to make the greatest gains from the merger.

In the past, the division between the AFL and CIO hampered the union efforts in politics. Their finances were split. There was overlapping of political activities. Sometimes the AFL and CIO would split on candidates to be supported, would compete against each other.

The unions lost out in 1952 as far as the U. S. Presidency went, although they elected some of their congressional candidates. AFL and CIO both backed Adlai

. . . Labor wants closer White House contacts

Stevenson but found that many of their rank and file "liked Ike."

Mr. Meany already is talking about tightening the lines for 1956, with even bigger efforts in political action. Leaders see in the political approach a way to achieve what they have not been able to get at the bargaining table in negotiations with employers.

Union leaders also find that they miss the close contacts they had with the White House under Democratic Administrations. They miss the White House willingness to intervene with a helping hand in labor disputes. They accuse the

–Smith, NEA Service, Inc.

"WHAT'S COOKIN'?"
. . . a multimillion-dollar fund

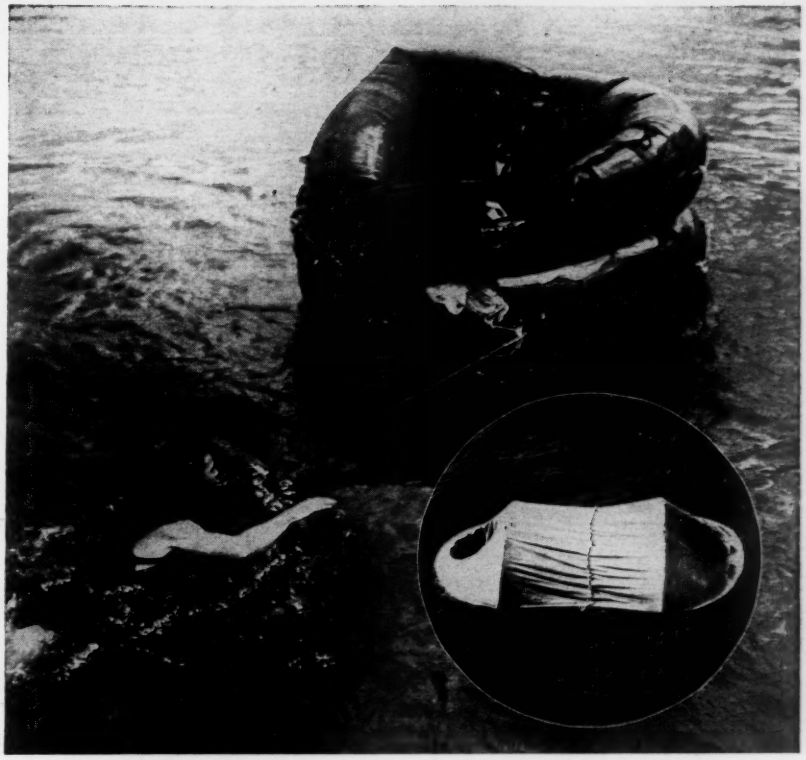
Eisenhower Administration of being pro-business.

Merger, then, to most labor leaders, appears to be an opportunity for a vast expansion of the political activity. They hope to raise more money, get out more labor votes. Whether they can swing the votes of the rank and file in 1956 remains to be seen.

No labor party. The political slant of the new AFL-CIO is to be toward the Democratic Party, labor leaders predict. They deny that there is any real support for a labor party. A few AFL leaders have supported Republicans in the past and can be expected to do so again, but they are in the minority.

One question bothering many AFL leaders is just how much influence Mr. Reuther will have in future political campaigns of the AFL-CIO. There have been rumors that Mr. Reuther would be

(Continued on page 84)



Navy's inflatable neoprene lifeboat protects survivors in any climate

The Navy operates in the searing heat of tropical days and the freezing cold of the arctic night. It needs a lifeboat able to withstand both temperature extremes. And that's what the Navy got in the 15-man inflatable lifeboat shown above with its double neoprene-coated fabric bottom and canopy.

Neoprene, Du Pont's chemical rubber, effectively protects survivors by keeping out excessive heat and cold. It insulates so well that body heat alone maintains normal temperature inside the boat in cold weather. And these rugged boats can take many years of storage because they resist sunlight, weathering, heat, oil and salt water.

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IF YOU THREAD OR HOB . . . GET A BETTER JOB WITH A LEES-BRADNER

Can AFL leaders dominate Reuther? . . .

put in charge of the political campaigns, but the reports are denied in AFL circles.

Mr. Reuther is far to the left of most AFL officials in political thinking. AFL union heads point out that their unions, with twice the membership and thus twice the convention votes of the CIO, will be able to put Mr. Reuther under wraps for some time to come. He will be a vice president of the new organization, but apparently plans to devote most of his time to his Auto Union.

However, Mr. Reuther is younger than many of the AFL leaders. He can afford to bide his time. Mr. Reuther is not being counted out entirely.

65 Million Jobs: Where They Are

With employment at a record high, this is how the picture shapes up at present and for months just ahead:

A total of 64,995,000 people had jobs in mid-July, according to Census Bureau estimates just issued. This excludes military forces. Total civilian employment was up nearly 1 million from June, nearly 3 million from July, 1954.

Unemployment declined to 2,471,000 in mid-July, 208,000 below June and 876,000 below a year earlier. Usually, this figure does not drop from June to July.

Further gains in employment are seen for many industrial centers, in estimates of future hiring made by employers. Three fourths of the major areas expect "slight to moderate gains" in jobs between now and early autumn, the Labor Department reports.

Cutback on farms. A drop in farm employment is expected after the summer months, however, offsetting the gain in the cities and leading to a cut in total employment toward the end of the year, as is customary.

More than 7.7 million people had jobs on farms at mid-July, the Census Bureau reported. This was a slight gain from June.

Employment off the farms—estimated at 57,291,000—broke all previous records. Officials said that "unusually brisk hiring" of students, chiefly in trade and service industries, accounted for most of the job rise.

However, officials also were encouraged because employment of adults, which usually drops from June to July, held steady this year, both in farming and nonfarming areas.

. . . Only 31 major areas have worker surpluses now

In manufacturing, about 16.6 million had jobs, the Labor Department reports. This represented a drop of 6,000 in a month, but 973,000 more were at work than a year ago.

Since January, factory employment has risen by more than a half million, the biggest advance for this period in five years.

Looking ahead, employers told the Labor Department that they expect to hire more workers in steel, electrical machinery and furniture.

Auto layoffs. On the other hand, some auto centers see a slight job decline while plants retool for new models.

Farm-machinery plants also expect layoffs, usual at this period of the year.

–USN&WR Photo

LOTS OF JOBS
. . . especially in the cities

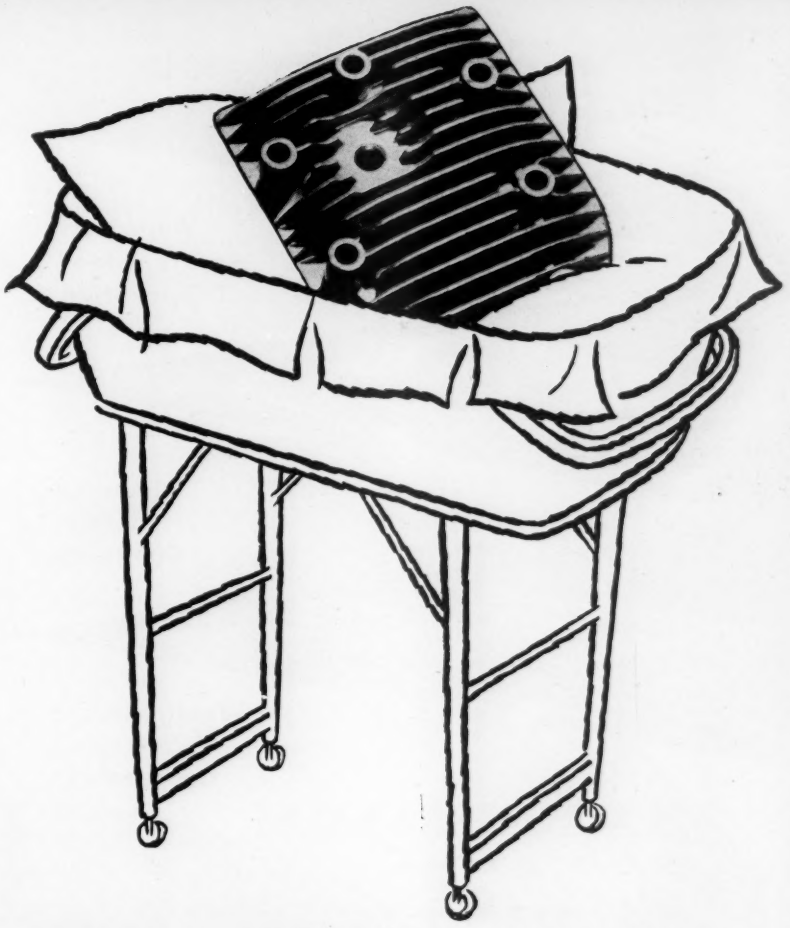
Textile cities predict that employment will remain stable for a period.

Nonfactory jobs also were up, in most cases. Increases in employment were reported to be larger than usual for this season in construction, finance and the service industries.

About 10.6 million people had jobs in retail and wholesale trade, a record high for the month of July. This figure was 273,000 above a year ago.

Area surveys, made by the Labor Department, show that conditions are better than they have been in the past 18 months.

There now are 31 major areas that have surpluses of workers. This is a new low for the 18 months, officials said. In May, 35 cities had labor surpluses, while there were 53 in this category a year ago.



This casting took a lot of pre-natal care

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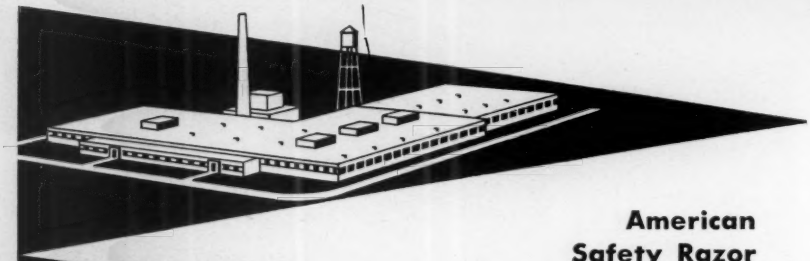

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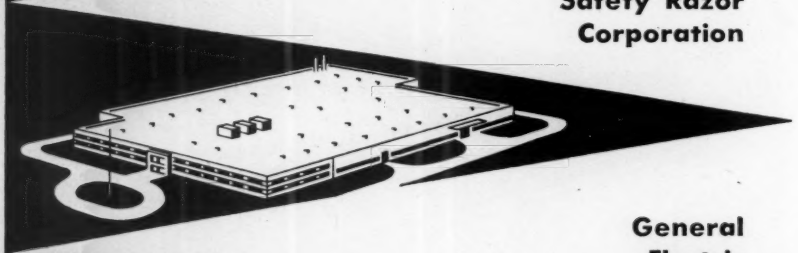
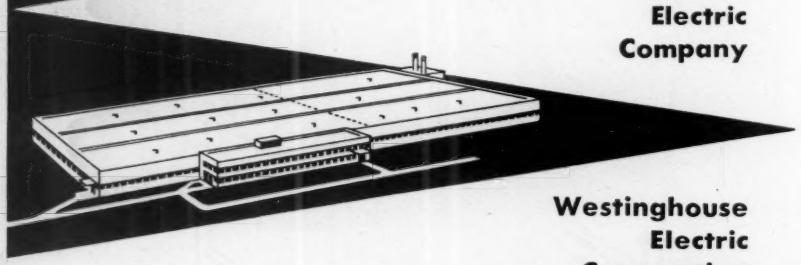


General Electric Company



Westinghouse Electric Corporation

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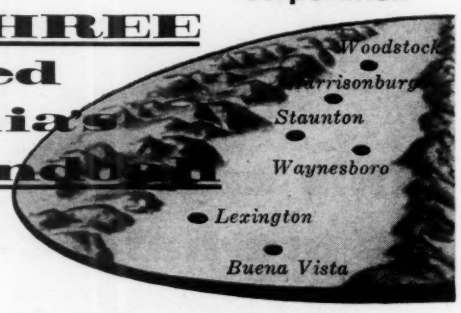

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No, there are still some restrictions that determine who should have the vaccine. There's just not enough of it to go around for all who want the vaccine.

Then who can obtain the shots now?

Under the present control program, which operates on a voluntary basis, priority is given to children in the age group of 5 through 9. Under this program, younger and older children are supposed to wait till later for inoculations.

Didn't the Government recently release some of the vaccine for private use? What did that mean?

The Federal Government turned over to the States distribution control of available vaccine. Each State, in turn, now decides how much of its share goes to public agencies, such as local health departments, and how much goes to private doctors through regular drug channels. Some physicians already are getting some of the vaccine. Others will be able to obtain some soon.

Then can't you take your child—outside the 5-through-9 age group—to your doctor and get vaccination?

Not as a general rule. Doctors have been asked by the American Medical Association not to inoculate any children outside the 5-through-9 priority group. Most physicians are expected to abide by this request.

When can children of other ages get the polio shots?

It is likely that the present age group will be widened by late autumn, though no one knows now exactly when. Next priority may go to children under 5 or a little over 9, or to both. Pregnant women will be fitted into a later priority group.

What about the 30 million dollars Congress voted for free vaccine?

That will be apportioned among the States, which will decide—within a general pattern set by Congress—how the

vaccine will be distributed. Shots will be given by public agencies, hospitals, nonprofit organizations and private physicians. Distribution will start in several weeks.

Who is eligible for these free shots?
Congress limited this program to those under age of 20 and to pregnant women. Otherwise, individual States are given wide latitude. To begin with, States are expected to use this vaccine for those within the 5-through-9 priority ages. It is in this age bracket that children usually are considered most vulnerable to the disease.

Will this vaccine go only to "needy" families?
No. Congress specified that, in handling this program, the States must not rely upon a "means test"—that is, financial position must not be the sole standard in deciding who will, and who will not, be able to get free antipolio treatments. In some cases the wealthy children, as well as those less well to do, will be able to get free inoculation.

When will children who received only one shot under the recent school program get another inoculation?
That's scheduled in most places for sometime after the new school term starts, or later during the autumn. This is the program under which the National Foundation for Infantile Paralysis offered free vaccine to children in the first and second grades. In some areas this program was suspended during the summer, in others the second shots continued. Those to be offered the second shots are children who were in first and second-year classes in the last school term. A parent who does not want to wait can ask his doctor to administer it, but this is not part of the free program.

Does the National Foundation plan to give a third, "booster," shot next year?
That is not planned as of now. Those wanting booster shots will have to go to their own doctors, to clinics or to other places where inoculations are provided either free or for pay. Under present plans, the National Foundation is going to wind up its program of distributing the vaccine, leaving this work to the regular private and public channels.

When will there be plenty of Salk vaccine available for all who want it?
That's a question that no one can answer definitely at this time. But some estimates are that, for those under 20 wanting it, there may be enough vaccine by next spring under present schedules. It is predicted that most, if not all, of those desiring Salk shots can be taken care of by late 1956.

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PLUS & MINUS
Latest Indicators of Business Activity

Retail trade has reached a record high as rising employment and increased wage rates bring an expansion of payrolls.

Sales at retail stores climbed to a rate of 187.2 billions per year in July, 2 per cent above June and 9 per cent above a year ago. It was the fifth straight monthly gain.

The trend of sales from June to July of this year, allowing for seasonal influences, was upward for furniture, appliances, apparel and general merchandise. Auto sales held at their high rate of June.

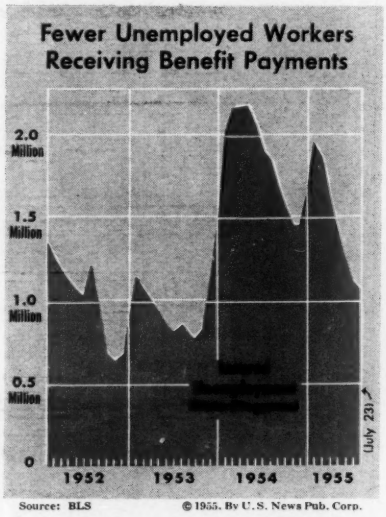
The year-to-year gain, from July, 1954, to July, 1955, was largest for auto and auto-equipment distributors, whose sales were up 20 per cent. There were gains of 10 per cent for furniture and appliances, 7 for building materials. Drug and apparel stores, gasoline-service stations and eating and drinking places did 6 per cent better, general-merchandise stores 5 per cent, food stores 2.

Department-store sales in July were up 6 per cent from June, 11 per cent from a year ago. Sales dropped in the week ended August 6 but were still 5 per cent above a year ago.

Nation-wide scope of the trade improvement is shown in reports of department-store sales from the 12 Federal Reserve districts. In the four weeks ended August 6, sales were 15 per cent above a year ago in the Cleveland and St. Louis districts, 12 in Richmond and Kansas City, 10 in Chicago and Dallas, 9 in Philadelphia, 6 in San Francisco, 5 in Minneapolis, and 4 each in Boston and New York.

Industrial areas, hardest hit in last year's recession, have come back the strongest and now report the largest gain in sales.

The Central industrial area—Illinois and eastern Wisconsin to central Pennsylvania—produced a third more electric power in July than a year ago. In this area, Pittsburgh reported July department-store sales about 26 per cent above a year ago. There were gains of 21 per cent for Toledo, 17 for Detroit, 15 for St. Louis, 13 for Akron.



The Southeastern area—including all the Southern States east of the Mississippi River—produced about a quarter more electric power than in July, 1954. In Knoxville, July department-store sales were about 32 per cent above a year ago. The gain was 20 per cent in Nashville, 18 in Birmingham, 13 in Memphis.

Striking gains are reported in many other cities. Examples are 22 per cent in Louisville, 19 in Wichita, 16 in Washington, D.C., 15 in Trenton.

Hot weather, coming in July on the heels of a cool June, helped to lift sales of air-conditioners and summer clothing.

Luxury goods and home furnishings carry the strongest sales appeal at department stores. Large gains have been made recently in furs, jewelry and watches, rugs, furniture, TV sets, sporting goods.

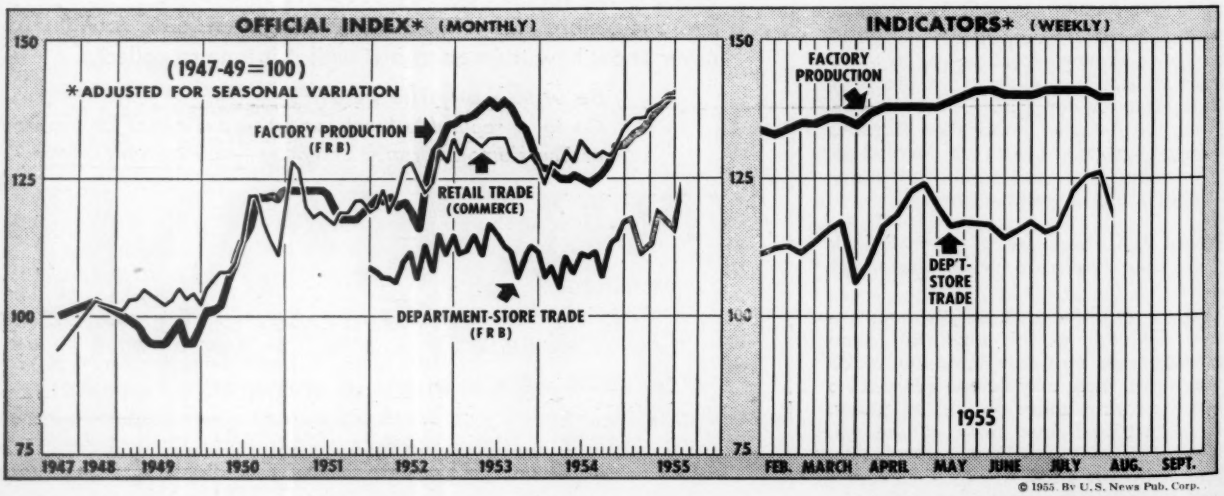
Appliance manufacturers, as a result, are having to continue heavy shipments to distributors. The number of clothes dryers shipped in June was more than double June, 1954. Electric-range shipments were up a half, refrigerators a third.

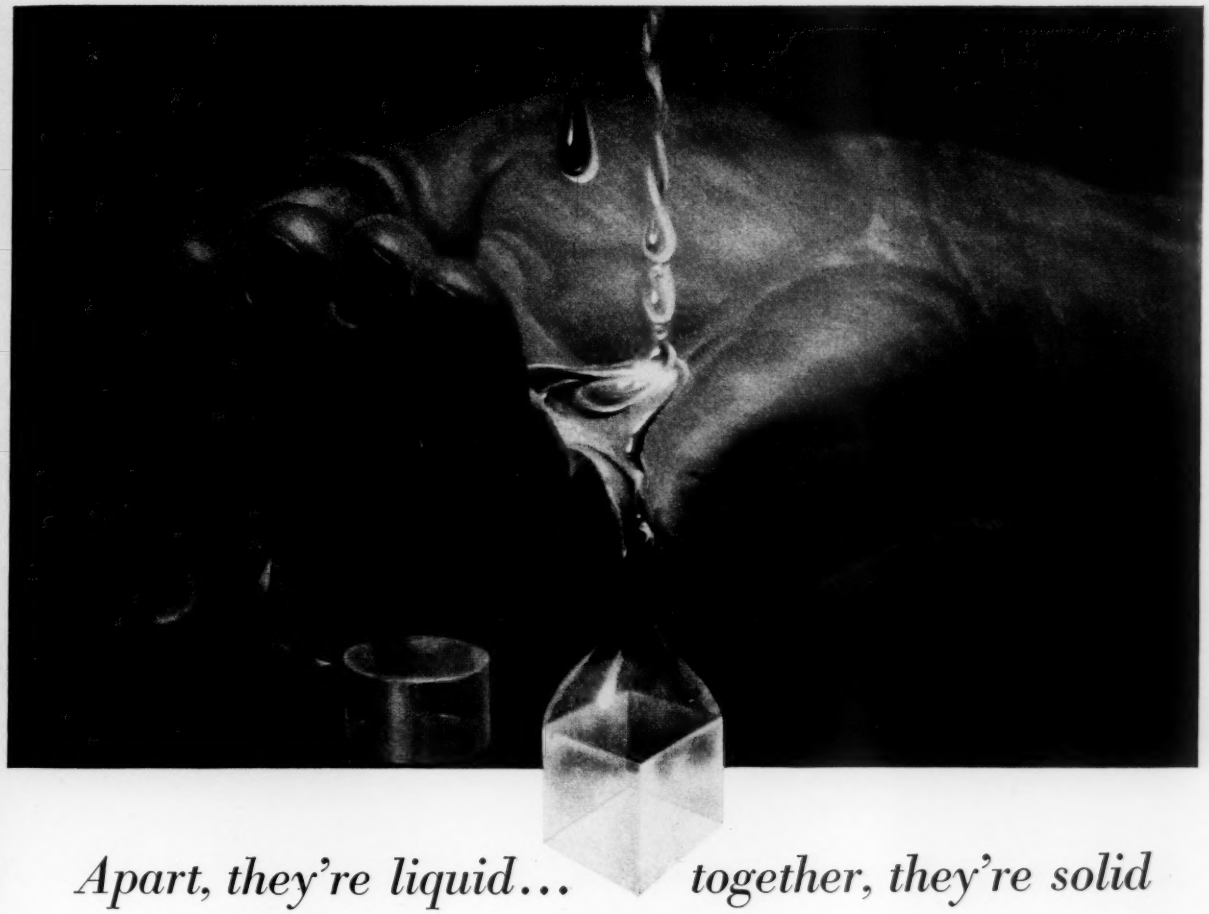
Dollars for spending are flowing freely to the public. Personal incomes, at a rate of 301 billions per year in June, were up 14.5 billions in a year. Civilian jobs reached 65 million in July, 3 million above July, 1954. Hourly wages in manufacturing are at a record high.

Jobless workers are dwindling in number. As the top chart shows, insured unemployment is at its lowest since October, 1953.

Business firms, meanwhile, are increasing their rate of spending. Additions to inventory and plant and equipment are at a faster rate.

The flow of goods to final users is gradually increasing. The underpinnings of business activity are strong.





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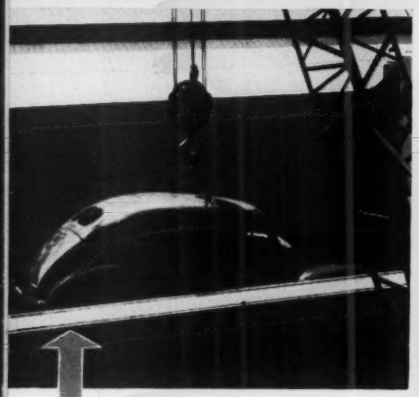
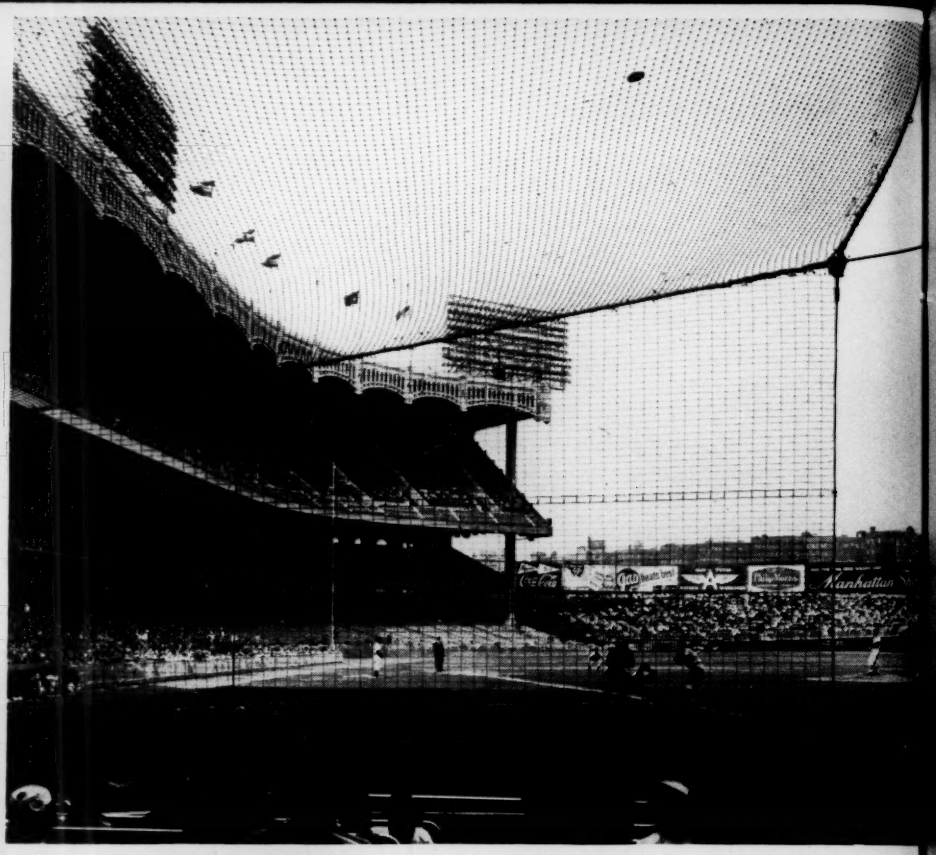
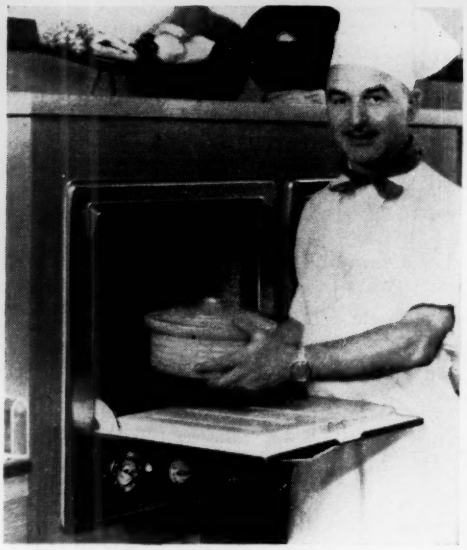


It Goes In There. This junkyard baling press gobbles up two cars or one truck at a time, and squeezes them into a tight bale of scrap steel.

And Comes Out Here. The cars are now less than a cubic yard of steel scrap. It's the largest such press in the world, and uses 197 tons of USS Steel Plates.

The Rage For Built-Ins. Joe Govean runs a famous restaurant in Santa Barbara, California; and he knew just what he wanted when he designed a kitchen for his home. Two ovens, with USS Stainless Steel doors and trim, are built into the kitchen wall. Stainless Steel is bright and beautiful . . . easy to clean and keep clean.





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Manufacturers are assured of good business for some months to come.

New orders placed with U.S. factories in June hit 27.8 billion dollars, after seasonal adjustment. That's the highest volume since January, 1951, when orders were heavy because of the Korean war.

Flow of orders to industry has been strong for several months now. The 27.8 billions placed in June compares with 21.9 billions a year ago.

Another point of significance is the fact that orders are spreading all through industry. It shows the breadth of the boom.

Primary-metals industries--steel, aluminum, copper--booked orders of nearly 2.5 billions in June, compared with 1.5 billions a year earlier.

Metal fabricators, with orders of more than 1.5 billions, had the largest volume since January, 1951.

New orders for machinery topped 3.6 billions, a gain of about 1 billion over a year ago, and the highest since March, 1952. This reflects a strong demand from both producers and consumers. The machinery covered in these totals includes everything from generators to electric razors.

Manufacturers of soft goods also are sharing in the business upturn. Their total for June was 13.7 billions, against 12.1 billions a year earlier.

The rise in orders is being paralleled by a rise in shipments. Factory deliveries hit an all-time high in June at 27.1 billions. That marks a gain of around 3.8 billions over a year ago.

Order backlog also is rising. That reflects the heavy demand for the products of U.S. industry that has shown up in the boom.

Unfilled orders at factories have been in an uptrend for six months.

Backlogs are rising for most producers of hard goods. Steel industry and other producers of primary metals have the largest backlog since late 1953.

Among soft-goods plants the backlog is higher in textiles, leather, paper and the printing industry.

Rising backlogs give assurance of sustained high production in months just ahead. Some industries now are operating close to capacity.

Inventories are rising, at factories and in stores and warehouses. Sales, however, are increasing faster than inventories, with the result that the level of inventories in relation to sales is lower than a year ago. There are no signs of sharp inventory build-ups yet, usually a danger signal.

Production is more efficient now than during the 1953 boom.

Employment figures point up the improvement in efficiency.

Factory employment in July was about 16.6 million. In July, 1953, the

(over)

figure for factory employment was reported at just above 17 million.

Output of industry, however, is higher now than in July, 1953.

American factories thus are turning out more goods today with 500,000 fewer workers than during the peak of the 1953 boom. The large investment in modern plants and improved machinery is paying off. It also is leading to more demands from organized workers for increases in pay.

With new highs in production, total employment and incomes, the Federal Reserve Board is laying a heavy hand on the money supply.

Excess bank reserves--the basis for increasing bank loans--averaged 670 million dollars for the week ended August 10.

Borrowings from Federal Reserve Banks by member banks were 848 millions. Member banks borrow when they need to meet their reserve requirements.

Total borrowing thus was greater during the week than excess reserves. So-called "free reserves" were nonexistent. It's the "free reserves" that enable the banking system to increase the total volume of loans.

Aim of Federal Reserve policy at this time is to keep from feeding the boom with new injections of money and credit. Obviously, officials think that activity is high enough for the moment. For more details, see page 23.

Government also is slowing down on fast tax write-offs for new plants.

Tax incentives, permitting firms to write off new expansions in five years, were restored during the Korean war. Since then, about 30.5 billion dollars' worth of industrial expansion has been given rapid write-offs.

Now halted, at least temporarily, are plans involving about 6 billions.

The write-off program has been ended for asbestos, lead, manganese ore, cement, tungsten, zinc, some alloy minerals and some tires.

Suspended, pending further study, are applications from such industries as electric power, steel, railroads, oil, chemicals, commercial aircraft.

Still in effect are fast write-offs for plans to expand capacity for aviation fuel, copper, nickel, mercury, titanium, and products ordered directly by the armed services or the Atomic Energy Commission.

A slowdown order was issued by Defense Mobilizer Arthur S. Flemming, about a month after Treasury Secretary George M. Humphrey said that fast write-offs were costing the Treasury too much in lost, or postponed, revenues. Industry may lose some of its enthusiasm for expansion.

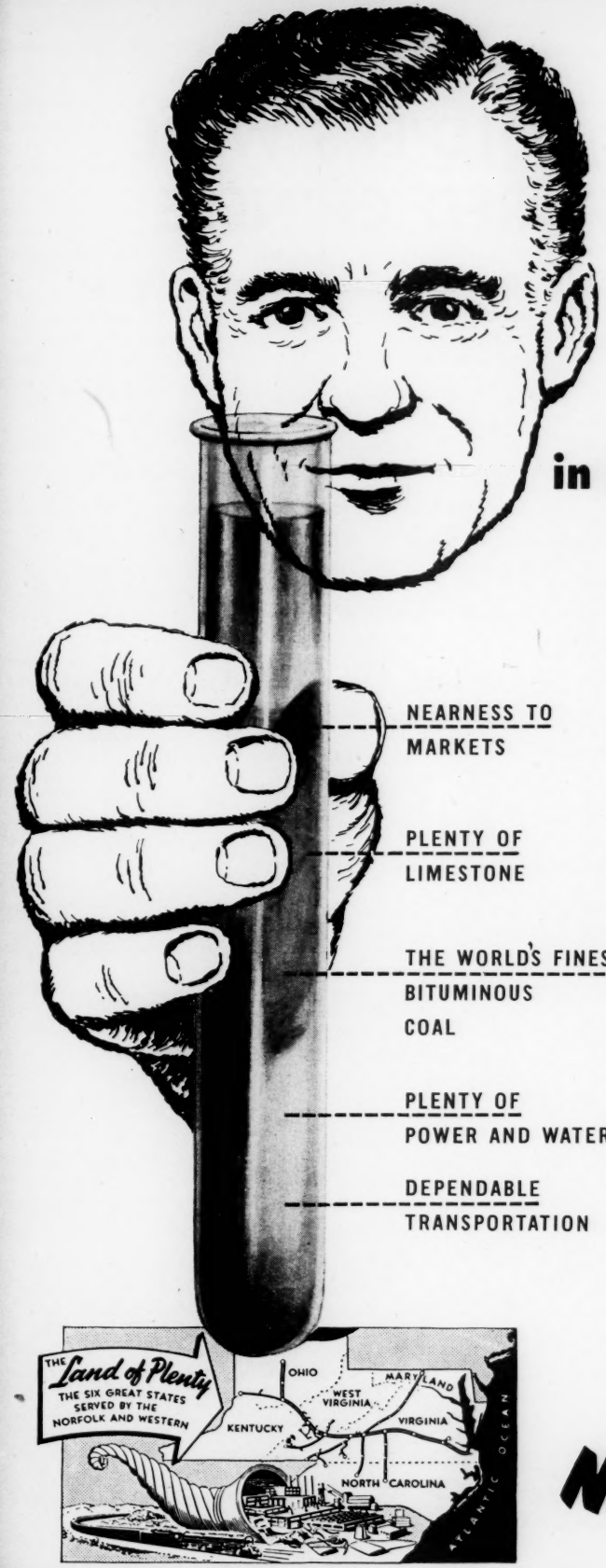
Last year's tax law eased regular write-offs somewhat. Under that law's provision, about two thirds of the cost of new plant and equipment may be written off in the first half of a facility's useful life. Previously, write-offs had to be stretched out evenly over useful life.

Wage settlements continue to be made in big industries without strikes.

Latest contract is between General Electric Company and CIO Electrical Workers. The agreement is to run for five years without a reopening clause.

Wage increases of 3 per cent a year for the next three years are given, with a higher general increase in the final two years of the contract.

The company stood firm against a guaranteed annual wage, one of the union demands, but agreed to discuss this proposal again in the autumn of 1958.



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HOW BRITISH SOLDIERS WERE TORTURED BY RED CHINESE

Official Report Tells of Cruelty to Prisoners in North Korea

This is an official account, published by Britain's Defense Ministry, of how British prisoners of war in Korea were mistreated in prison camps run by Chinese Communists.

It is a story of calculated cruelty—of psychological pressure, threats, starvation, force and outright torture. All this was done in violation of the accepted rules of warfare and in defiance of the United Nations that Red China now seeks to enter.

U. S. Secretary of State John Foster Dulles last week called the British account a disturbing document, indicated U. S. might publish a similar record about American prisoners.

Following are extracts from the official report of the British Ministry of Defense on the "Treatment of British Prisoners of War in Korea":

Introduction

This is the story of 978 British prisoners of war in Korea who were held in camps along the banks of the Yalu River, which separates North Korea and China. The story has been compiled from the experiences of all the prisoners as they related them on their return to freedom; in telling the story it is necessary to generalise, as all the prisoners did not have identical experiences, but the pattern of their lives was the same wherever they were.

Although the number of British prisoners of war with whom this story deals is small, their experiences were of great importance because they were the first British troops to be held captive by a Communist country. Consequently when the British prisoners returned from Korea during 1953 (the first, released under the terms of an agreement for the exchange of sick and wounded, in April, and the rest, released under the Armistice Agreement, in August and September) everyone was intensely interested to know how they had been treated.

The answers supplied by the prisoners themselves were, however, confusing and bewildering; some said their captors had been kind and generous while others spoke of compulsory political lectures or of brutal torture.

This confusion was partly dispelled when it became apparent that the Chinese had been careful to include among the first prisoners to be released several whose political sympathies had been inclined towards Communism and who would therefore praise Chinese behavior.

On the whole the anti-Communist prisoners were freed later. But even this knowledge did not entirely remove doubt about what really happened in the Korean prisoner-of-war camps; only a full explanation of the tactics adopted by the Chinese can dispel this doubt, and this full explanation could not be written until the stories of all the prisoners in Korea had been examined.

THE "PEACE" CAMPAIGN

The Chinese were quick to realise that the longing of prisoners for peace so that they could return home, if properly handled, would provide excellent material for the Communist "peace" campaign, and "peace" soon became the major theme in the indoctrination campaign.

From lectures on "peace," both to groups and to individuals, it was but a short step . . . to the production of "peace" propaganda and "peace" petitions by prisoners. And it was but another short step from the production of "peace" propaganda to the formation of "peace committees," which became for a time the main Chinese indoctrination weapon.

For the Chinese these committees had several advantages. They could use prisoners in their efforts to convert other prisoners; "peace" appeals from supposedly spontaneously formed groups of prisoners would obviously have more value in the free world than Chinese-prepared appeals; members of camp "peace committees" might, on their return home, join similar organisations and so extend Communist influence in their country; and prisoners who joined "peace committees" would find it more difficult to refuse to co-operate with the Chinese on other matters.

The first "peace committee" in the prison camps was set up in February, 1951, in Camp 10, at Kanggye. It met with little success, though it was responsible for the prisoners in the camp signing the Stockholm Peace Appeal and producing a "peace" petition.

The story of this petition is a good illustration of Chinese methods. The Chinese told the committee's chairman that they wanted a petition saying that the prisoners had been duped into joining the war in Korea where they were being used as cannon-fodder to keep the hostilities going so as to swell the coffers of the Wall Street financiers and warmongers. The actual wording was left to the committee, who decided that the best thing to do was to produce an innocuous document which would be useless as propaganda.

In all, five documents were produced. All were rejected by the Chinese because they did not include the sentiments asked for. The Chinese then produced a petition of their own, but the

committee refused to sign it and ordered other prisoners to follow its lead. After threats and intimidation the committee agreed to sign it so long as the rest of the prisoners were exempted. The Chinese agreed to this. The signing of that petition after Chinese threats and intimidation was the last activity of the "peace committee" of Camp 10. Not for another two months was another "peace committee" formed—at Camp 12 near Pyongyang, which was run by the North Koreans, and became known as the "Peace Fighters' Camp."

The original suggestion that a "peace committee" should be set up in this camp is supposed to have come from a British private, a member of the British Communist Party at the time of his capture. Whether this is true or not it is known that Colonel Kim, the North Korean camp commander, suggested to the prisoners in the camp that now that they had had the opportunity to understand the true state of affairs in the world they should form a "peace committee" to co-ordinate their efforts in the fight for peace. Whatever its real origin, the idea was supposedly accepted and the prisoners in Camp 12 duly "asked" General Kim Il Sung, Supreme Commander of the North Korean Army, for "permission" to form a United States-British War Prisoners Peace Organisation. "Permission" was granted on May 9, 1951.

According to the Chinese this move was so enthusiastically received in other camps that they, too, "requested" and were granted "permission" by General Kim Il Sung to form "peace" organisations. Camp 7, also Korean-run, received its "permission" on May 14, only five days after Camp 12—a remarkable feat when it is considered that the two camps were at the opposite ends of North Korea. At Camp 5 the "peace committee" was not formed until June. But here, as in the case of Camp 12, there is some doubt about the initial organisation. The Chinese claimed that during studies the prisoners stated that they were against the aggressive war in Korea, which was led by a handful of American "imperialists," and wanted to "join and add momentum to the peace movement." On the other hand, a British prisoner has said that the suggestion that a "peace committee" be formed was advanced by one of the Chinese instructors following a "peace lecture." At any rate "peace committees" were started in Camps 5, 7 and 12, and representatives from them were selected to form the "Central Committee of the United States-British War Prisoners Peace Organisation" which was established in Camp 12.

Three months elapsed before a "peace committee" was formed in Camp 1. During that time an intensive indoctrination campaign was carried on in an attempt to make the inmates responsive. The campaign started in July when the camp commander told the prisoners that they would send a telegram of good wishes to the Chicago Peace Conference. To allay suspicions, this was described as a meeting of representatives of all religious and philanthropic organisations in the United States to discuss peace and international relations. Though the British officers and sergeants and many Other Ranks refused to have anything to do with the telegram, it was sent off in the name of the whole camp. Towards the end of August a statement by the camp commander that "companies may elect peace representatives to a peace committee" heralded a month of "softening-up" education. Then, on September 25, it was announced that an election for a "peace committee" would take place by October 1, when the event and the Chinese national day would both be celebrated. The officers were forbidden to take any part in the election as a punishment for their past "reactionary" activities. The British sergeants were allowed to vote, but all returned blank ballot papers.

While they lasted, the "peace committees" played a major role in the Communist indoctrination campaign, mainly by acting as a channel through which propaganda was fed to the prisoners. The work of the central committee included the publication of a weekly newspaper, the *Peace Fighters' Chronicle*, pamphlets and articles, and the preparation of surrender appeals, atrocity stories, and broadcasts for Peking or Pyongyang Radio. On a smaller scale the camp committees carried out much the same work. In addition the committees were responsible for passing on Communist propaganda to the outside world. Here, their main task was the production of a series of "spontaneous" and "unanimous" appeals and declarations addressed to the Communist-dominated World Peace Council, the United Nations General Assembly and the United Nations Security Council.

—Eastfoto

BRITISH PRISONERS SIGN PETITION

The Reds "relied on 'progressives' and a system of intimidation when they wanted signatures"

The Chinese were well aware of the effect of such appeals on public opinion in the free world and did not fail to assist the prisoners to sign them. In the end, signature was compulsory. This is a British officer's account of what happened during the preparation of a "peace appeal" in Camp 5:

> "The Chinese were anxious to get the officers to sign a 'peace appeal.' Their timing, as usual, was excellent. Several officers had been returned to the compound who had undergone severe punishment for alleged and actual offences. The moral effect on their comrades was at its peak when a 'petition for the cessation of hostilities' was produced for signature.
>
> "Using the battered condition of those who had just returned to the compound as an example of what could happen to anyone who showed himself to be 'an enemy of

. . . "Treatment was brutal, death rate high"

the people,' and having encouraged some of these men to relate the horrors of 'the treatment' they were able to get the signature of all the officers . . ."

From a British private comes this account of "peace" petition signing: "Prisoners were taken out on parade and ordered to sign the Stockholm Peace Appeal—there was no question of the signing being voluntary. Threats of cutting down food supplies were used to persuade prisoners to sign other petitions."

The North Koreans recruited "peace fighters" by more brutal methods. Most of the prisoners in the Korean-run "Peace Fighters' Camp" (Camp 12) were recruited in small groups either from the "Bean Camp," a prisoner-of-war transit camp, or from the "Caves," Camp 9, by Colonel Kim, the commander of Camp 12.* At the "Caves," which was run by the North Korean police primarily as a camp for South Korean prisoners, treatment was brutal, medical care non-existent, food inade-

—Department of Defense

GENERAL KIM IL SUNG
. . . granted "permission" for "peace committees"

quate, and the death rate high. In contrast, at Camp 12 the food was good, there was medical care, and prisoners were issued with bedding, clothing, cigarettes, and soap. The temptation to succumb to the appeal of Colonel Kim to join his "Peace Fighters' Camp" was great, and many prisoners who did consent to a move did so in the belief that in this way they could stay alive whereas if they stayed in the "Caves" they would probably die.

Once in Camp 12 prisoners were expected to produce any type of propaganda material asked for. The Koreans wasted little time on explanations, though they did make some attempt to indoctrinate prisoners, realising that the more indoctrinated they were the better propaganda they would be able to produce. So long as the prisoners did what was required of them they were well treated; if they became unco-operative they could usually be softened by threats of a return to the "Caves"—which was virtually a death sentence. But not all succumbed. One British sergeant consistently refused to sign any petition or appeal even though told that he could be ordered to sign and then be shot for refusing to obey an order—and the North Koreans usually carried out their threats. He was eventually returned to the "Caves." Though he survived, his punishment probably discouraged others from following his lead.

Yet in spite of the energy the Communists expended in the formation of the camp "peace committees" and the lengths to which they went to make use of them, the committees faded out of existence in the course of one year. In October, 1951, the same month in which the committee in Camp 1 was formed, the prisoners in Camp 12 were told that the war would soon be over (the armistice negotiations had started a few weeks earlier) and that they would be returned to their own camps as a prelude to their release. Members of the "Central Committee of the United States-British War Prisoners Peace Organisation" and other "progressives" were told that they and their "enlightened" views might not be popular in other camps and that they should therefore drop political activities and enter into any work that had as its aim the improvement of camps' material conditions. By serving on messing and sports committees, for example, it was hoped that they would be accepted by other prisoners and that their views would be treated with more respect.

However, when the members of the central committee returned to Camp 5 in November, they found that the camp staff expected them to carry on "peace" work in the camp, replacing the camp "peace" committee. They refused and the other prisoners organised a strike because they claimed that the central "peace committee" members had undertaken "peace" work under duress. The Chinese gave way, though the strike leader was later jailed for six months, despite a promise that he would not be punished. That was the end of the central committee and also of the committee in Camp 5. Camp 7 ceased to exist altogether in November when its prisoners were removed from Korean to Chinese custody. The committee in Camp 1 ceased at about the same time.

Though the war continued for another 18 months, the Chinese made no attempt to resuscitate the "peace committees." Instead they relied on "progressives" and a system of intimidation when they wanted signatures for an appeal or petition. As one soldier has said: "Various petitions and appeals were produced for signature and the men soon realised that although no immediate punishment ensued for those who refused to sign they were earmarked and later arrested and punished on false charges." Thus it was that, after the death of the "peace committees," "peace" petitions and appeals and open letters still continued to emanate from the camps.

METHODS OF "PERSUASION"

Even in reasonably good conditions the life of a prisoner of war tends to depress and enervate those who do not stoutly resist its effects. Normally, however, these effects are quickly relieved—even if they cannot be forgotten—after peace and liberty are restored. The Chinese were concerned with more than the immediate objects of maintaining security in the prison camps and deriving military information from interrogations. Their purpose as Communists was to make a much more lasting mark on the personalities and opinions of the men in their hands, and for this "re-education" they knew that the time available was likely to be short. Sooner or later the surviving prisoners would return to their homes, and any ideas which they

*The "Bean Camp" was so called because beans were the staple diet there. The "Caves" consisted of a number of damp caves or tunnels in a hill.

had consciously or unconsciously absorbed while in the camps would meet the challenge of their own familiar environment.

Everything, therefore, was tried by the Chinese in pursuit of the desired result: simple psychological pressure, manipulation of welfare conditions, corruption, threats, segregation, force and outright torture. The first step was to undermine accepted loyalties and discipline by strictly prohibiting distinctions of rank, punishing any officer or N.C.O. who attempted to give an order and encouraging the humiliation of officers. In place of the normal chain of military command the Chinese tried to establish . . . a system of control through squad leaders.

The second step, after reducing prisoners to a uniform level of inferiority, was to endeavour to impress upon them the superiority of the Chinese. The homesickness and bitterness of prisoners is not difficult to play upon. The Chinese continually harped upon the theme that the men had been duped by their reactionary rulers, led into an unjust and hopeless conflict, and then abandoned to their fate because the United Nations Command "obviously" did not want the armistice that would bring them release. Repeated day after day to men suffering from starvation, disease and neglect, and accompanied by the deliberate dissemination of bad rather than good news, these arguments in many cases caused prisoners to abandon all hope of victory, release and life. By the time that conditions in the camps improved many had been pushed by one means and another too far along the path of submission and collaboration to go back.

The Informer System

In addition there was the widespread system of informers introduced by the Chinese for the close control of prisoners—a system which inevitably spread fear and distrust of a man's neighbours until will power was paralysed by suspicion. One such system was operated by English-speaking Chinese guards and instructors who specialised in eavesdropping. But the sources of information on which the Chinese mainly relied were found among the prisoners themselves. By no means all of the prisoners who informed on their comrades did so either willingly or, indeed, consciously. There were, it is true, a few of them who went to some trouble to assist the Chinese. The others were induced or forced under various forms of interrogation to implicate their friends. "Who are your friends?" was a frequent opening question, and there were ways of getting details from a weak or talkative prisoner who at the time did not realise that he was giving away his companions.

When once a prisoner had been made to inform by brutality, or guile, or both, he would nearly always be blackmailed into supplying further information by threats of exposure or of more punishment. The effectiveness of such threats is shown by this account, by a British officer, of the treatment of an American officer:

> ". . . He was kept in solitary confinement for three weeks. During his confinement he was savagely beaten and tortured. When he returned to the compound he was morally and physically broken. He told the other officers never to discuss anything in his presence as he had been sent back to act as an informer and threatened with worse torture if he did not comply. His treatment had left him very weak and he no longer had any will to live . . . and he eventually died about two weeks after his release."

At the other end of the scale were those prisoners who were voluntary informers. It is difficult to place these men in any particular category. Some undoubtedly were "progressives" who drifted into informing because of Chinese insistence on active and positive co-operation from those who had any sympathy with the Communist viewpoint; others were not "progressive" and acted solely from motives of selfishness, personal safety and

HOW THE BRITISH FARED IN KOREA:

1950: TROOPS MARCHED TO FIGHT COMMUNISTS

1953: PRISONERS POSED FOR PROPAGANDA PICTURE

—United Press, Eastfoto, Wide World

REPATRIATION: THE LUCKY ONES CAME HOME
Of those who survived, about 40 were Communists

. . . In prison camps "food was grossly inadequate"

profit; others, again, were probably informers first and then tried to rationalise their actions by adopting the right sort of political sentiments.

As a result of the activities of all these informers a prisoner was liable to be called away to company or camp headquarters at any moment to answer for some "crime." Sometimes he returned in a few hours, sometimes in a few days, sometimes he did not return at all. The distrust thus sown among the prisoners, the fear of doing or saying anything for which an account might have to be rendered, was a major weapon in the Chinese campaign to undermine morale and personal loyalties and thus to "encourage" acceptance of the Communist viewpoint.

Manoeuvring with Mail

As a further inducement to co-operation the Chinese made great use of outgoing and incoming mail. The anxiety of prisoners to let their families know that they were alive was at first entirely frustrated (and the provisions of the Prisoners-of-War Convention on this subject thereby flouted) until, in the middle of 1951, the Chinese first allowed prisoners to write home. On a number of occasions attempts were made to dictate the contents, and even the wording, of these letters; and though this practice was soon dropped it had been impressed on the men that if letters were to reach their destinations they should include phrases praising conditions in the camps and condemning the Americans.

Outgoing mail was, as far as the Chinese were concerned, no more than a vehicle for propaganda. Apart from the injection of suitable sentiments into the letters of men desperately keen to get a word home to their families, special postmarks and forwarding instructions added propaganda slogans. Even so there was no certainty that letters would reach their destinations. Some families in Britain received only three or four letters in two or three years, some received more and some received none at all.

Chinese inefficiency and lack of concern were clearly responsible for this; but the lie was invariably spread that any mail which failed to reach its destination had been destroyed by the Americans to prevent the world from knowing the "truth." One British prisoner who became a Communist went so far as to say that "the American destruction of British mail" was a factor in his conversion. But it soon became known in the camps that the Chinese were destroying or neglecting to forward mail, and one prisoner has reported that he saw a pile of torn-up letters outside the barber's shop near his camp.

In dealing with incoming mail the Chinese seem to have been haphazard in their methods, for some prisoners received no letters at all and others—for no obvious reason—as many as 300 during their captivity. However, there were several occasions when prisoners undergoing interrogation were offered letters in return for information; and "reactionary" prisoners were told that their mail was being withheld as a punishment.

Food and Medicine

Two other major weapons of the Chinese in their campaign to "encourage" co-operation were food and medicine. In the early months of 1951 food was grossly inadequate in the prison camps, and if prisoners received a couple of bowls of cracked corn, millet or sorghum a day they considered themselves fortunate. By the end of that year the staple diet consisted of rice with a few vegetables and a little meat, and the incidence of beri-beri and other ailments caused by malnutrition declined. But prisoners who had experienced the early days never forgot the fear of not having enough to eat, and more than one prisoner has said that he co-operated with the Chinese in a comparatively minor way, such as by signing a petition, because he was threatened with a cut in rations if he refused. Sizes of rations also varied and "progressive" prisoners were sometimes given more and better food. On one occasion prisoners in Camp 2 (Branch 1) who complained about their food were told that the inmates of Camp 5 "are progressive and study well so of course they feed better."

In the same way medical attention was provided—when any was provided at all—on a selective basis. Until the middle of 1951 medical services for prisoners were almost non-existent and men died in hundreds. Doctors who were taken prisoner were forbidden to give any treatment until they had studied and learnt the "truth." One doctor was told that he was a bad one because he did not know whom to save and whom to let die. But even when the Chinese attached their own medical personnel to the camps conditions for many did not improve, and the "progressives" usually received whatever supplies of medicine were available while the "reactionaries" went without. One private who was wounded and taken prisoner on April 24, 1951, was given no attention until June, 1953, and by then it was not really necessary. It was given, he believes, to make his parting impressions of the Chinese favourable; his record in opposing the Chinese was outstanding.

Physical Brutality

When all these methods of inducement had failed—and in some cases before they had been tried—the Chinese had recourse to physical coercion and torture, revolting to the humane mind and expressly forbidden by the Prisoners-of-War Convention. Before the middle of 1951 the Chinese adopted the simple attitude that if a prisoner would not co-operate he was punished. If the punishment resulted in his death it was because he was an obstinate "war criminal." Later the argument was changed, and physical punishment was said to be inflicted for specific offences rather than a general refusal to see "the light." Torture and ill-treatment were carried out quite cold-bloodedly for the purpose of breaking a man's resistance.

For this purpose solitary confinement was sometimes sufficient in itself. This is hardly to be wondered at, for the conditions of this punishment were appalling. According to one of the victims, the "normal" treatment while in solitary confinement at camps was "to be made to stand or sit at attention (legs outstretched) and in complete silence from 04.30 hours to 23.00 hours daily. For the remainder of the day prisoners were allowed to sleep but were continually roused by the guard 'to make sure they were still there'."

There were no beds and no bedding. Shoes and clothing, except for underclothes, were often taken away, even in the middle of winter; washing facilities were often denied, sometimes for months at a time, while visits to the latrine would be permitted only once or twice a day, even when the prisoner had dysentery. At Camp 1 the Chinese built a number of boxes about 5 ft. by 3 ft. by 2 ft. for prisoners undergoing sentences of solitary confinement. In one of these one private of the Gloucesters spent just over six months. The food was appalling and often stopped for several days at a time. Water was inadequate and one prisoner, though he had three meals a day, received no soup, water or boiled food. This went on for eleven days and when he complained he was told that fluids were being withheld to help him with his "self-reflections."

If the Chinese wanted results quickly this treatment was intensified, and beating in one form or another was fairly common. A corporal of the Gloucesters who refused to give any

. . . "One British prisoner spent eight months in handcuffs"

information at all to the Chinese was taken out one evening at 9 o'clock at night and beaten by two Chinese until 3 o'clock in the morning with a club similar to a baseball bat. He had to stand to attention, stripped to the waist. At one point another Chinese came and took him down to the river and gave him a personal beating for some reason of his own. Prisoners were often bound with rope or wire for long periods; sometimes handcuffs were used. One British prisoner spent eight months in handcuffs which were frequently tightened.

A favourite trick was to bind a prisoner hand and foot with a rope passed over a beam, fixed as a hangman's noose round his neck. He was then hoisted up on his toes and the other end of the noose rope was tied to his ankles. The prisoner was told that if he slipped or bent his knees he would be committing suicide and that his captors could not be held responsible as his life was in his own hands. Another favourite method was to bind a prisoner's wrists and ankles behind his back and to tie a rope, which passed over a beam, to his wrists. He was then hoisted up until his toes just touched the floor and left in that position for several hours.

—International

WILFRED BURCHETT AND ALAN WINNINGTON
. . . they lectured for the Communists

Yet another form of punishment during solitary confinement was to make a prisoner stand to attention for long periods, either in the snow of the severe Korean winter or in the heat of a Korean summer. One British prisoner, for instance, was made to stand to attention for thirty hours at a time, with a sentry standing by with a fixed bayonet as "encouragement." Another was made to kneel on two small jagged rocks and hold a large rock over his head with his arms extended. It took days for a man who had undergone this treatment to recover the ability to walk.

Sometimes the North Korean guards at a jail which, though outside Camp 5, was used for the internment of some "reactionaries," pushed a long pencil-like piece of wood or metal through a small hole in the door and made the prisoner hold the inner end in his teeth. At odd times, without warning, the sentry would knock the outer end sideways. This had the dual effect of removing teeth and splitting the sides of the victim's mouth. A variation of this was for the guard to hit the outer end of the rod and so drive the other end against the back of the prisoner's mouth or down his throat.

In winter opportunities for torture increased, and prisoners are known to have been marched barefooted on to the frozen Yalu river where water was poured over their feet. With temperatures well below 20 degrees of frost the water froze immediately, and prisoners were left for hours with their feet frozen into the ice to "reflect" on their crimes.

Many of the guards in charge of prisoners in solitary confinement were adept at this sort of brutality and seem to have been given full rein to stand prisoners to attention, spit on them, kick them, beat them, prod them with bayonets, wake them at odd times throughout the night and humiliate them at will. Such treatment was not exceptional; it was the normal fate of the prisoner who steadfastly refused to co-operate or who was sufficiently important in Chinese eyes to merit intensive "conditioning."

The prisoner who broke down under Chinese torture—and there were many who did not—had to write a "confession" of crimes which he, and the Chinese, knew he had never committed. On the basis of this, he could be tried and sentenced, though usually he was merely told that the trial had been held, and that the sentence had been this or that punishment. If the Chinese went to the trouble of holding a "military tribunal" the accused's share in the proceedings was limited to pleading guilty to the charges and reading his confession. The sentence was then announced from a prepared typescript; there was no defence. Alternatively, the prisoner was made to read his confession to the whole camp; but more often he did not appear at all and his sentence, with or without his confession, was announced on parade. Frequently no announcement was made and the prisoner just vanished.

The sentence invariably consisted of solitary confinement and, according to the circumstances, the prisoner served all or some or none of it. If he was released at once he was liable to be warned, at frequent intervals, that his sentence had merely been suspended and that he could be made to serve it if he did not show that his "repentance" was "sincere." Sometimes, having served the sentence, the prisoner was sentenced to another term or, more commonly, was kept in solitary confinement, long after his sentence had expired, without a new sentence. It is known, for example, that one British officer who was sentenced to six months, actually served fifteen; another British officer, similarly sentenced to six months, served eighteen. Many such prisoners never returned to their compounds but were sent to one of the penal camps—Camp 2 (Branch 2) or Camp 2 (Branch 3).

Segregation and Penal Camps

When neither incentives nor deterrents were successful in forcing a prisoner's co-operation the Chinese had to adopt a policy of segregation, removing those who were regarded as beyond redemption and as a hindrance to the conversion of their fellows to separate camps and compounds. The first attempts to "re-educate" all ranks together (with officers and N.C.O.s taking orders from Chinese-appointed squad leaders and monitors) were made in Camps 1 and 5, two of the first

. . . "'Poorest example of an Englishman I've ever seen'"

major permanent camps to be set up in North Korea. They soon proved a failure and officers and sergeants were separated from other ranks in companies which were some distance from those of the O.R.s. In October, 1951, segregation was carried a stage further and the officers from both camps were sent to a camp of their own, Camp 2 (Branch 1) at Pin Chon-ni. Segregation went a stage further in August, 1952, with the removal of the sergeants from both Camp 1 and Camp 5 to a camp of their own—Camp 4 (warrant officers were treated as officers and were held in Camp 2 (Branch 1)).

But the segregation of officers and sergeants by no means removed all the "reactionaries." The Chinese were forced, as early as August, 1951, to establish Camp 3 (Branch 1) to which they sent about 160 of the unco-operative prisoners from Camp 5. Included in this total were 14 British. In the early days of its existence Camp 3 (Branch 1) was a penal camp and no mail was ever received from any of the British who were in it. It was divided into two sections; one housing the original prisoners and the other the later arrivals. No contact between the two sections was allowed. In August, 1952, as part of a general re-organisation of camps, the British prisoners were sent to Camps 1 and 5, with the exception of two sergeants who went to Camp 4, and five of the toughest cases who were sent to another penal camp, Camp 2 (Branch 2).

This camp, established in August, 1952, held 135 prisoners, including 31 British, and was the home of the hard core of Other Rank reactionaries—men who had distinguished themselves by their heroic resistance to all Chinese brutality. Discipline was much stricter here than in any other camp and, in the early days at least, rations were kept to the minimum required for survival. Attached to Camp 2 (Branch 2) were two other groups of prisoners who were permitted no contact with the outside world; one comprised 16 men, including one British sergeant, who had undergone a good deal of interrogation and brutality for their opposition to the Chinese; the other consisted of 18 men, most of whom had suffered appallingly, who were undergoing long sentences of confinement for attempted escapes and "reactionary" activities. The Camp closed in June, 1953, and the inmates returned to Camps 1 and 5.

The officer equivalent of Camp 2 (Branch 2) as a penal camp, was Camp 2 (Branch 3). This contained prisoners who had been sentenced for various "plots" and "reactionary" activities or for having a "hostile attitude"; officers and air-crews captured after January, 1952; and those who because of their former duties were considered by the Chinese as "spies." All were regarded as rather "special criminals." Until the armistice was signed, food and treatment in the camp were consistently bad, and some prisoners remained in solitary confinement throughout their stay there.

THE ROLE OF VISITORS

Until the last few weeks of the war, independent visitors and organisations such as the International Red Cross were barred by the Chinese from the prison-camps. On the other hand, facilities were readily arranged for visits by Communists and Communist sympathisers.

In all, the Chinese allowed five British Commonwealth visitors to visit the camps. These were: Mr. Alan Winnington of the London *Daily Worker;* Mr. Wilfred Burchett, an Australian by birth, who went to China as a correspondent for the Left-Wing Paris *Ce Soir,* and later *L'Humanité,* and then on to Korea; Mr. Michael Shapiro, a correspondent of the London *Daily Worker,* then living in Peking; Mr. Jack Gaster, a member of the British Communist Party and a London solicitor; and Mrs. Monica Felton, chairman of the British National Assembly of Women, which is affiliated to the Women's International Democratic Federation, an international Communist "front" organisation.

As a correspondent of a Communist newspaper it was natural that Mr. Winnington should follow the Communist line in reporting the Korean war. He produced lurid accounts of germ warfare (including a description of a raid which he claimed to have witnessed), harrowing stories of the "indiscriminate" bombing of civilians, descriptions of the happy lives supposed to be led by prisoners in the North Korean camps, and of massacre, torture and brutality suffered by the Chinese and North Koreans in the prison-camps controlled by the United Nations.

His main role in the North Korean camps was that of visiting propagandist. The fact that he once referred to captured officers as "a lot of bloody Fascists," may have accounted for the fact that he never visited the officers' and sergeants' camps. He did, however, go to Camps 1 and 5 on a number of occasions, where he had personal talks with selected prisoners and gave lectures on such subjects as the Korean peace talks, the aims of the world "peace" conferences, and the "appalling conditions" in the United States and Britain. At Camp 5 (the "Progressives' Camp") he appeared to be fairly welcome; at Camp 1, on the other hand, his lectures were often greeted with shouts of "You'll hang," and so on.

Burchett, like Winnington, collected prisoners' mail, chatted to suitable men and gave lectures; but he too was not well received in Camp 1.

The other *Daily Worker* correspondent, Shapiro, was seen by prisoners in Korea in February, 1951, when he individually interviewed men captured near Seoul the previous month. At the time the material conditions of the prisoners were extremely poor and he promised to provide books, D.D.T., scissors, matches and cigarettes, and to make arrangements for shaves and haircuts; the result of his promise was one copy of "A Tale of Two Cities" and two copies of the *Shanghai News.*

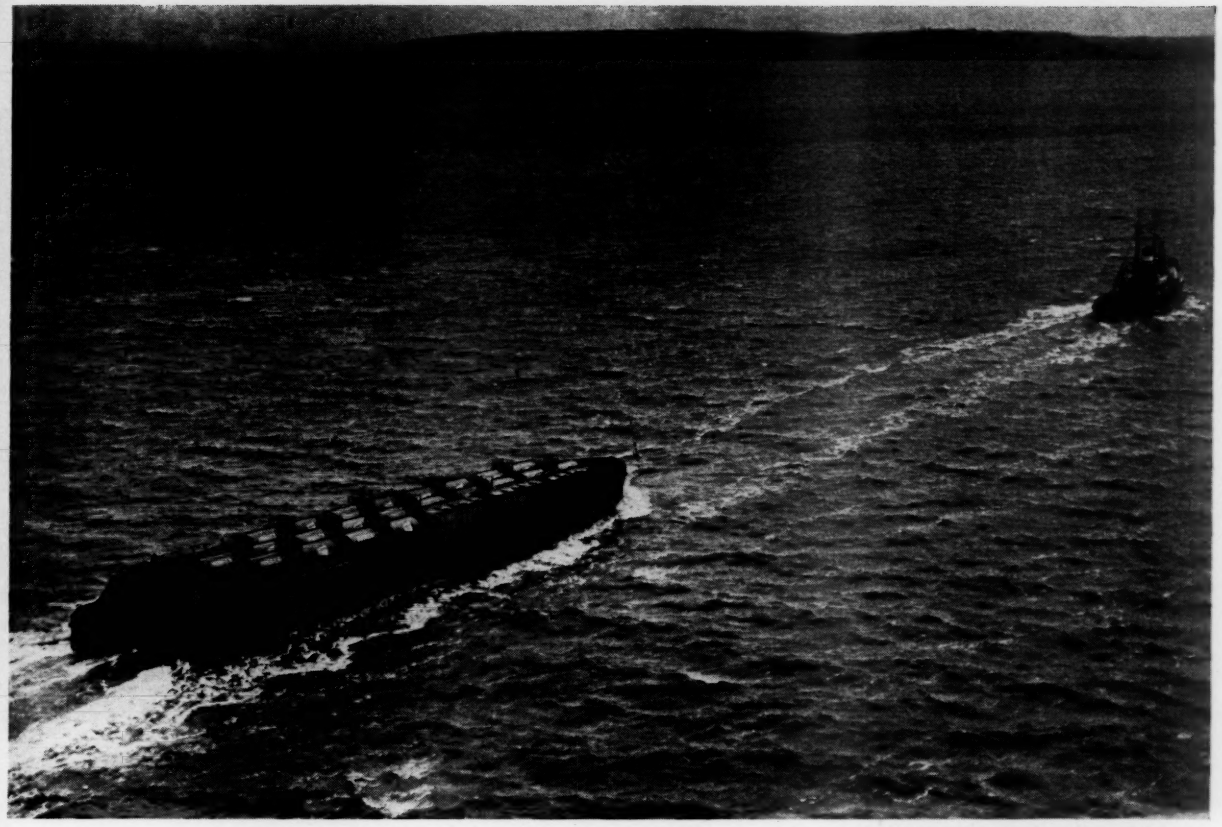
A British Sergeant Protests

During the interviews one sergeant of the Royal Ulster Rifles, who was suffering from dysentery and the early symptoms of beri-beri, from which he later died, told Shapiro that he was the "poorest example of an Englishman I've ever seen, and if I could get my fingers round your scrawny neck I'd wring it." Shapiro had him marched out with the comment: "I'll have you shot." At about the same time Shapiro lectured a number of American prisoners, telling them that they were "warmongering dogs" who deserved to die like dogs. Shapiro's attitude and activities disgusted a prisoner who was a member of the British Communist Party.

Gaster visited China and North Korea in March, 1952, as a member of the delegation of the International Association of Democratic Lawyers, another international Communist "front" organisation, which came at the invitation of the Chinese and North Korean Governments to investigate charges of bacteriological warfare and atrocities by United Nations troops. During his visit he went to Camps 1 and 5 and on his return to Britain he contributed to the *Daily Worker* a glowing account of camp conditions. "Prisoners," he wrote, "get more meat, more fats, and more sugar to eat than anyone in Britain receives from a ration book."

Mrs. Felton first visited Korea as a member of a delegation from the Women's International Democratic Federation in May, 1951. On her return she wrote a book called *That's*

(Continued on page 102)



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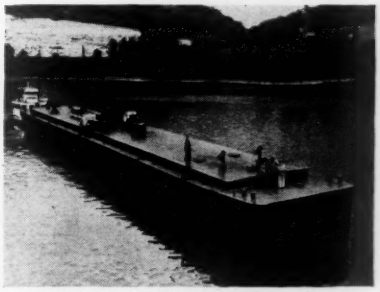

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MRS. MONICA FELTON (STANDING) VISITS NORTH KOREA
. . . she won a Stalin Peace Prize for her efforts

Why I Went, in which she said that she was originally open-minded but subsequently became convinced that wholesale murder, torture and rape had been carried out by the United Nations forces. She also brought back with her from Korea a number of letters from British prisoners. In 1952, Mrs. Felton received a Stalin Peace Prize in Moscow whence she again went to China and Korea, and visited Camp 5. There she had a conducted tour, collected letters from prisoners and talked to, and had a meal with, selected "progressives." As one prisoner has said: "Mrs. Felton visited the camp and took the 'progressives' down to the village, which made her even more unpopular with the 'antiprogressive' personnel." A talk by her on world peace and American aggression was recorded and subsequently played over the loud-speaker system of Camp 2 (Branch 1) early in 1953.

Conclusion

In the two-and-a-half years during which they fought in Korea the Chinese used every device, from moral pressure to physical torture, to convert the prisoners they captured to the Communist viewpoint and to use them to further Communist aims. These tactics were not hastily devised; they were the result of a generation of experience in dealing with captured soldiers of the Kuomintang. In China their success had been considerable; but it was in North Korea that they were applied for the first time to western prisoners, and the question inevitably arises: How did their success with British soldiers compare with their earlier success inside China? To what extent did British soldiers accept Communist teachings?

Officers and senior N.C.O.s (who made up about 12 per cent of the total of British soldiers captured by the Chinese) remained almost completely unaffected by Communist propaganda and were segregated from the remainder, while among the junior N.C.O.s and Other Ranks some two-thirds remained virtually unaffected. Of the remainder, most absorbed sufficient indoctrination to be classed as Communist sympathisers, but have most likely responded to the influence of normal home life. A small minority—about 40 altogether—returned home convinced Communists. But some had Communist leanings or affiliations before they went to Korea.

Viewed in the light of the resources at their disposal the success of the Chinese may be considered comparatively small. In reality it may be less than is at first apparent, for there were many reasons which had nothing to do with political convictions that made a prisoner appear "progressive."

In the winter of 1950-51 material conditions in the prison-camps were such that many prisoners gave politically "correct" answers so that they might enjoy, if not better conditions, at least a sporting chance of staying alive. And that the "right" answer was often vital to life is emphasised by the case of the American officer who, because he described a question as "not worth the paper it is written on," was accused of having a hostile attitude and slandering the Chinese paper-manufacturing industry. The treatment which he received in the resulting period of solitary confinement was the direct cause of his death.

As the war continued opportunities for simulated "progressiveness" increased and a number of prisoners succumbed to the promise of more cigarettes, more and better food, and medical treatment, in exchange for their signature on a "peace petition" or an address to the United Nations. Some posed as "progressives" in the hope that they would receive more letters; others appeared to co-operate so that they could keep an eye on those who voluntarily assisted the Chinese or as a cover for other activities; still others saw the "truth" after brutal treatment.

But in the pretence of "progressive" sentiments there was danger, and a number of prisoners discovered that, through the continuous repetition of the Communist creed, they unconsciously assimilated Communist thoughts and views, and so gradually became sympathisers to varying degrees. In addition, there were, of course, genuine conversions, which were not based initially on a façade of "progressiveness." But the total was very small.

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ARE TAX RETURNS WELL POLICED?

Investigators Find Fault, Urge New Shake-up

Question: How tight is the enforcement of federal tax laws?

An advisory committee, looking into Internal Revenue Service, finds much to criticize.

Shake-up of the Service following 1951-52 tax scandals, says the report, has led to new problems—low efficiency, bad morale, enforcement troubles.

A new overhauling of the agency is demanded.

The Government's tax-collection system is under fire again. Criticism, this time, comes from a special advisory committee—eight men outside the Government appointed to make a study of the Internal Revenue Service.

This committee now reports, among other things:

- That tax-enforcement activities of the Service are at "a low ebb."
- That investigations of taxpayers' returns and other tax records often are no more than "a cursory examination of readily available records."
- That the efficiency of the Service has been damaged by the big reorganization of the agency in 1952.
- That the morale of employes has suffered "a serious decline."
- That highly technical tax questions too often are placed in the hands of inexperienced members of the staff in field offices.
- That the decentralization of functions to field offices, one of the principal aims of the 1952 shake-up, has been "too rapid and too extensive."

These and other conclusions are stated in a report submitted to Representative Jere Cooper (Dem.), of Tennessee, chairman of the Senate-House Committee on Internal Revenue Taxation. Mr. Cooper's Committee is urged to hold public hearings on the findings.

What's recommended. The advisory group recommends a series of corrective measures, some of which would have the effect of undoing portions of the 1952 reorganization.

That reorganization, started under the Truman Administration and carried on in broad outline by the Eisenhower Administration, was a direct result of the tax scandals that developed in 1951 and 1952.

Certain functions, in the advisory committee's view, should be transferred back to the national office in Washington. This is urged as a means of providing more uniformity in the administraton of tax laws.

The eight members also suggest that the regional commissioners of IRS, set up by the reorganization plan in a number of places around the country, may represent "an unnecessary superstructure which should be abolished."

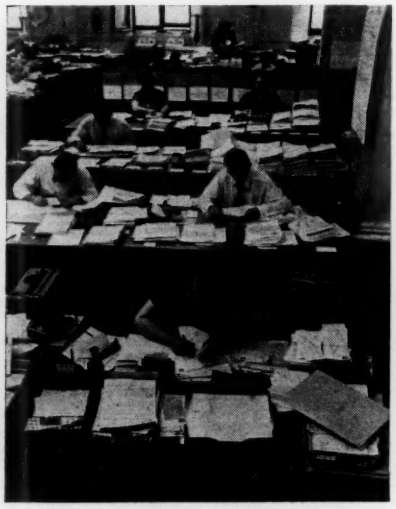
The report notes many complaints about the new setup from groups and individuals in close touch with the Service around the country. These complaints were submitted to the advisory unit in response to a questionnaire sent out by Colin F. Stam, chief of staff of Mr. Cooper's Senate-House Committee. Mr. Stam took part in the advisory unit's study, but did not vote.

Checking up on taxpayers. The report gives figures to show that extra revenue produced by detailed audits of tax returns is declining. A drop in collection of back taxes also is noted.

The recent practice of giving agents a quota of tax returns to examine is criticized sharply. Says the report:

"The 'standard of production' which was established in the Service appears to have caused a worsening of the enforcement picture. Replies to the staff questionnaire indicate that under the established production quota system proper standards of individual performance and proper standards of examination are ignored in favor of number of returns examined. The established production quota procedure has too frequently reduced the agent's investigation to a cursory examination of readily avail-

REPRESENTATIVE COOPER
. . . received a report



TAX EXAMINERS
. . . "a cursory examination"?

—Harris & Ewing, USN&WR, United Press

COMMISSIONER ANDREWS
. . . defended his agency

able records and a quick look for a few obvious items on which a change can be made so as to close the case and meet the quota set."

The advisory group questions whether the present system of reviewing audited returns in nine different regional offices around the country can achieve a real uniformity in tax decisions. To quote the report:

"There are a number of fields within which the problems are so complicated as to require highly trained technicians with specialized knowledge or do not arise with sufficient frequency over the country generally to justify the expense of adequately trained personnel in the different district offices or in the regional offices to deal with them properly. In such situations there should exist in the national office, or in some other central place, groups of trained experts which any field office would be free to call upon for advice. . . ."

Drop in efficiency? The report, noting a decline in the results from enforcement activity, says a partial explanation might be "the large number of experienced agents leaving the Service and an attempt to replace them by inexperienced personnel."

Poor morale among employes, says the study, also hampers efficiency. From around the country, it adds, come reports that the IRS inspection service, through its investigations, "creates fear and uncertainty among employes as to whether their honest decisions will be questioned and thus there is considerable buckpassing of difficult questions to supervisors, resulting in impaired efficiency."

The report notes complaints of "petty investigations," and adds: "In at least one region the Inspection Service makes some kind of inspection of all cases disposed of by group supervisors which are labeled 'settlement.' Accordingly, group supervisors undertake to dispose of cases without labeling such dispositions as 'settlement.' There is some indication that the Inspection Service often engages in 'fishing expeditions.'"

Replies to the questionnaire, says the advisory committee, also point to conflicts of authority, ambiguous instructions from the national office, and filling of supervisory jobs with men lacking technical qualifications.

The advisory committee was appointed originally in 1952, under a Democratic Congress. Its members are Montgomery B. Angell, New York tax lawyer; Barnard H. Barnett, Kentucky lawyer; Norman D. Cann, former Assistant Commissioner of Internal Revenue; W. Herbert Danne, of a New York accounting firm; Aubrey R. Marrs, former head of the Internal Revenue technical staff; Fred Martin, former Assistant Commissioner of Internal Revenue; Mark E. Richardson, of a New York accounting firm; and

(Continued on page 106)

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. . . Tax system's chief says he made it "effective"

W. A. Sutherland, Washington and Atlanta lawyer.

The opposite view. T. Coleman Andrews, the present Commissioner of Internal Revenue, submitted a memorandum in which he claimed a long list of improvements in the Service under his administration. He asserted that he had "transformed the organization from an 'on paper' basis to an effective operating organization with responsible officials fully informed of their authority and discharging their responsibilities." The Andrews memorandum was written before the advisory committee made its report.

This clash of views on the Internal Revenue Service now goes to Congress. The whole thing may be aired in public hearings. A meeting of minds on how the revenue agency should operate seems a long way off.

Who's Buying Stocks, and Why

A new line on who has been buying stocks in corporations, and for what purpose, is provided now in a new study by the New York Stock Exchange.

This study, the fifth in a series that began in 1952, sets out a detailed analysis of stock-market activity on two recent days, June 8 and June 15. These were busy days on the market, with trading volume averaging about 3 million shares.

Buying of stocks by individuals—those who are not themselves members of the Stock Exchange or partners in member firms—accounted for 59.2 per cent of the business on the two June days. This was a bit lower than last December, when the latest previous study was made.

Banks and other institutions, together with such investors as estates, investment clubs and personal holding companies, accounted for 15.5 per cent.

Stock Exchange members and nonmember brokers were responsible for the remainder of trading volume.

Thus, despite the rising importance of institutions in the market, the individual investor still is by far the biggest customer for stocks.

The Stock Exchange finds a "strong investment tone" in the market. Among individuals, 86 per cent of market activity was found to be for investment, rather than for trading. This is a little higher than in December. Of those buying for investment, two out of three intended their stocks to be long-term investments—that is, to be held for longer than six months.

Buying: mostly cash. The great majority of stock purchasing was on a cash basis. Only 24 per cent of the volume was on margins. When figured on a comparable basis, this was a smaller proportion than on survey days in December.

Among individual investors alone, margin transactions accounted for 40 per cent of the total on the two June days. This again, on a comparable basis, is less than in December.

The Exchange found that 77 per cent of the margin transactions were for investment, and concluded that "the assumption so often made, that margin transactions are synonymous with trading transactions, is not warranted based on these facts."

—United Press

KEITH FUNSTON
Most stock buying is for investment

Principal buyers of stocks are those with higher incomes. Persons with incomes below $5,000 a year accounted for 5.9 per cent of the share volume of individuals, compared with 25.5 per cent for the group from $5,000 to $10,000, 36 per cent for those from $10,000 to $25,000, and 32.6 per cent for those above $25,000.

Keith Funston, president of the Exchange, said of the study: "We see a picture that reflects the sound use of our market place by the American people. This is evidenced by the strong investment motive generally underlying the public's transactions, by the reasonable use of market credit through margin trading, and by the realistic approach the public is taking towards the purchase of securities listed on our Exchange."

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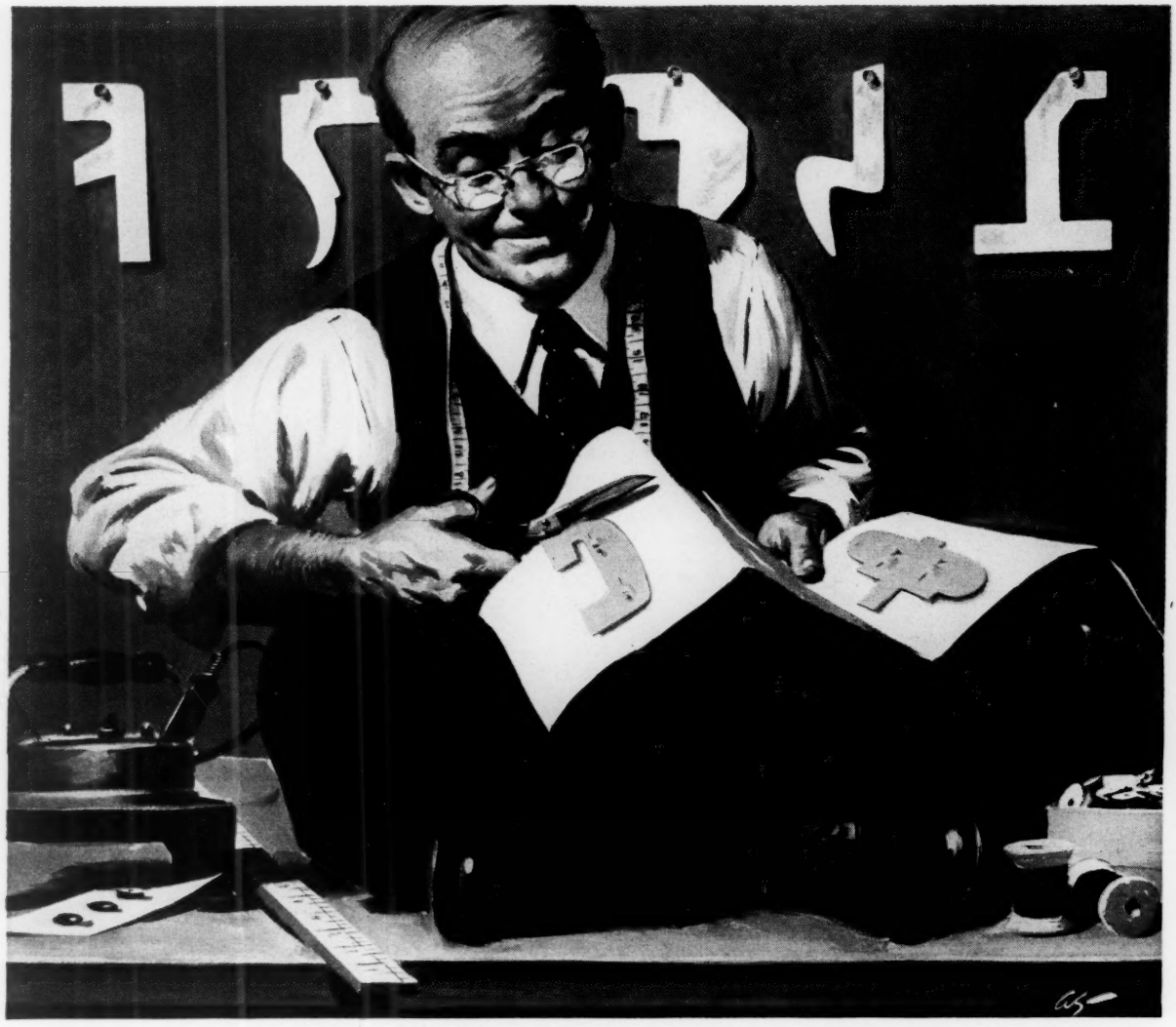

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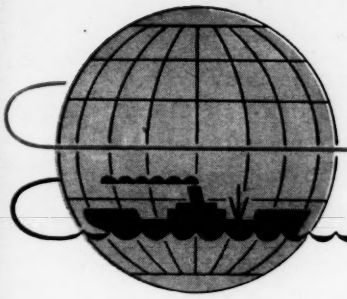

Business Around the World

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›› Inflation jitters are spreading like wildfire.....

Just this month, five central banks have raised their discount rates, in efforts to retard the burgeoning demand for loans. Discount rates have been marked up in the U.S., Canada, Belgium, Germany and Japan since August 1.

Earlier this year, Austria, Britain, Denmark, Norway, Sweden and the U.S. increased discount rates. There have also been a number of other inflation dampeners tried in Europe and North America. These include curbs on capital investments and on installment selling, higher mortgage rates, new ways of luring people's savings into banks, and so on.

In both Australia and New Zealand, authorities are watching bank loans very closely. Both countries show definite signs of inflation.

What's clear from all this is that monetary and credit controls are facing a new testing. In most of these countries, it's really the threat of inflation or, at the most, incipient inflation that's worrying the authorities. The general hope is that money and banking devices can head off trouble.

Nowhere is serious thought being given to going back to direct controls, such as rationing or quotas. Most countries had enough of those during the war and in the years after. Politically, those controls are anathema.

›› Raising of the Bank of Canada's discount rate on August 5 ties in with the rapid brightening of the Canadian skies this year.

Unemployment in Canada just last winter was at a new postwar peak and the discount rate was lowered last March to stimulate business activity.

But industrial activity and employment have picked up materially since then.

Bank loans have shown a heavy increase since March.

Installment buying also rose sharply during the second quarter.

Increasing credit demand has tightened up the money market. Interest rates on Treasury bills and other short-term rates have been climbing steadily.

It's just about the same situation as in the U.S. And the central banks in both countries have reacted in the same way--by raising discount rates.

Prices are starting to rise in Canada. And it looks as if they will go higher in view of tightening supplies of some materials, a shortage of skilled labor in some industries and the rising wage trend.

›› In Britain, commercial banks are beginning to tighten up their loan policies.....after considerable Government pressure was put on them.

Question is whether the momentum built up in consumer buying and capital investment can be slowed perceptibly for several months.

Some British experts feel that another stiff boost in the discount rate

(over)

may be necessary to show that the Government isn't fooling around.

What is called "overfull" employment in Britain shows how tightly stretched things are there. Only 0.8 per cent of the labor force is unemployed. Many of the jobless are considered unemployable. The number of job vacancies is very large. British labor shortage is more acute than at any time since the war.

>> The number of jobless in Western Germany is at the lowest point in seven years. Workers are pressing for higher wages. Coal, steel and power are short. Bank loans are expanding. Prices are starting to move up.

These are the seeds of inflation. To keep them from sprouting too vigorously, the Bank Deutscher Länder, the German central bank, has raised its discount rate from 3 to 3½ per cent. It took a good deal of time for the BDL to come to the conclusion that some action was called for.

The German boom has been going along steadily for so many years that it is hard for German bankers and businessmen to realize that more difficult times may be ahead. But their large reservoir of skilled labor is drying up fast. That means wages and costs will be increasing.

Rearmament, if it is pressed forward, will siphon off labor and take up some industrial capacity. Consumer buying is heavy. Imports are catching up with exports.....Definitely, the German economy is entering a new phase.

>> Not all of Europe has the inflation jitters.....

France, for example, stays calm. For three years, French retail prices have been stable. Previously--for several decades--price inflation had been very serious. French prices, although leveled off in recent years, are on a plateau well above those in neighboring countries.

Thus, inflation in the rest of Europe may help France by making her relatively high-cost products more readily salable to neighbors.

Credit is fairly tight in France; interest rates are pretty high. But capital investment isn't nearly so intensive as in Britain or Germany, and the demand for business loans isn't as great as in those countries.

Furthermore, Frenchmen, more and more, are putting their savings into banks where they can be used, rather than into their mattresses. There also is some repatriation of capital from Indo-China.

Industrial production is showing sizable gains in France. Harvests are good. Unemployment? Not much. There's no real labor scarcity, either. And while consumers are buying freely, shop shelves are well filled.

The French budget continues to be seriously unbalanced. But it may be possible to cut Government export subsidies if world prices show a real uptrend.

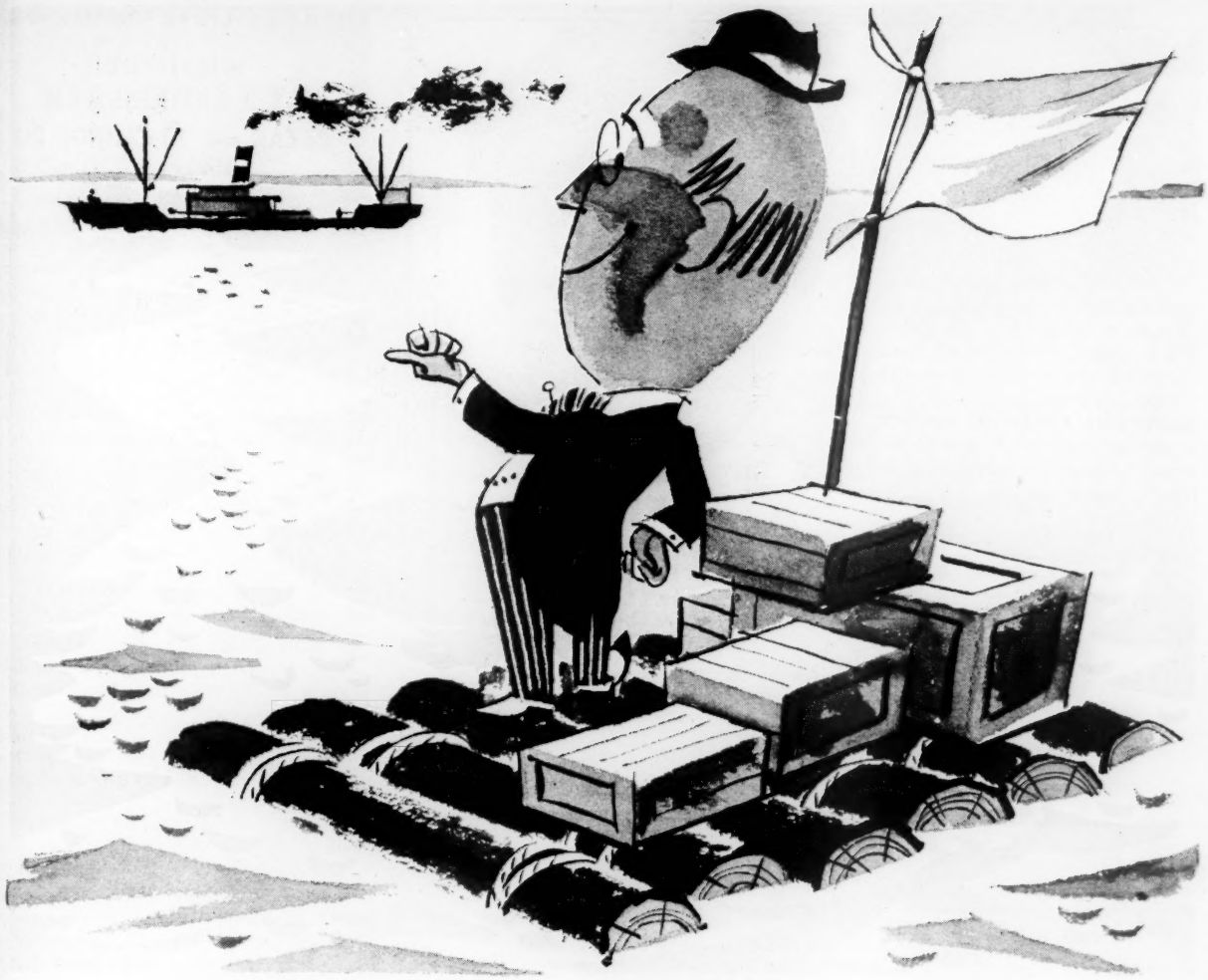
French officials, while watchful, see no present need for taking any anti-inflationary moves, according to reports in Paris.

>> The Dutch, like the French, aren't awed by inflationary symptoms in Europe.

The Dutch economy is going all out. Labor is getting scarce. So consideration is being given to importing foreign workers.

The Dutch Government seems confident that wage rises can be restrained, since it intends to keep the cost of living near present levels.

Low interest rates make Dutch financial centers attractive for flotation of international securities. Dutch intent is to keep interest rates low and build up Amsterdam again into a major capital market.



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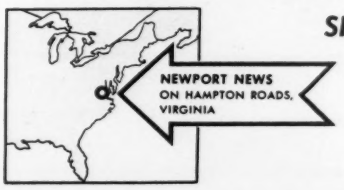

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN,** during ***collective bargaining*** with a union, probably refuse to open your company's books to prove inability to pay wage increases the union demands. A court of appeals holds that the Taft-Hartley Act does not require an employer to show a union his books dealing with manufacturing costs, dividends and general financial condition. In this case, the federal court upsets a long-established doctrine of the National Labor Relations Board.

* * *

☑ **YOU CAN,** as an employer, enforce a rule that bars outside union organizers from soliciting or passing out literature on your plant parking lot. A court of appeals finds that such a no-solicitation rule does not violate the ***Taft-Hartley law*** so long as the rule is uniformly enforced, without discrimination.

* * *

☑ **YOU CAN,** in figuring the ***estate tax*** of a deceased partner whose interest must be sold to the surviving partners at book value, use that value for tax purposes. A court of appeals rules that this book value, rather than the market value of the partner's interest, must be used in figuring the estate tax.

* * *

☑ **YOU CAN,** as a small businessman, perhaps get a larger ***business loan*** from the Government. In extending the life of the Small Business Administration, Congress provided for an increase to $250,000 in the maximum individual loan permitted by the agency. Authority also is given for the pooling of small business interests so that they may receive even larger loans.

* * *

☑ **YOU CAN** make a bid to buy ***butter*** from the Government's surpluses for sale abroad. The Department of Agriculture announces that butter owned by the Commodity Credit Corporation is being made available for sale on a competitive-bid basis for export for industrial uses.

* * *

☒ **YOU CANNOT** legally sign a ***union-security contract*** with a union if the union does not represent a majority of your employes. The National Labor

Relations Board finds that both an employer and a union violated the Taft-Hartley Act by signing such an agreement despite protests by a majority of the workers.

* * *

☒ **YOU CANNOT** obtain any ***copper*** from the special 5,750 tons being released by the Government for essential defense contracts unless you can meet strict rules on needs. Among other things, contractors must certify that they have been unable to buy copper "regardless of price." If a contractor is eligible, copper purchases will be made directly from General Services Administration or from producers.

* * *

☒ **YOU CANNOT** look for any immediate increase in your supply of ***rubber*** from the Government's defense stockpiles. The Office of Defense Mobilization turns down suggestions from industry that 200,000 tons of natural rubber be made available to industry. ODM says that first a survey of military requirements must be completed.

* * *

☒ **YOU CANNOT,** as a retailer or manufacturer, get a credit for overpayment of ***excise tax*** if your claim is filed more than four years after the date of overpayment. The Internal Revenue Service says that this rule applies even though the claim is made in filing a quarterly excise tax return that covers a period within the time limit—if the return and claim are filed after the four-year deadline.

* * *

☒ **YOU CANNOT,** in handling the ***tax affairs of a bank,*** consider that the bank realized either a capital gain or loss on the sale of real estate originally received as security for a loan. The U. S. Tax Court holds that there was only liquidation of a debt—rather than sale of capital assets—even though the bank, by direction of a bank examiner, had transferred the "loan" to its real estate account.

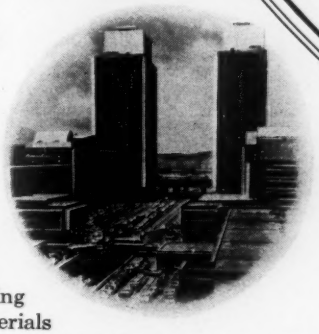
* * *

☒ **YOU CANNOT** safely fire employes for attending a lunchtime meeting called to discuss dissatisfaction with a plant superintendent. This, says NLRB, is concerted activity with Taft-Hartley protection.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

Business with

Venezuela



U. S. trade with this great oil producing country is on the increase and promises well for the future. Industrial expansion of major scope is on the march with Venezuela needing capital goods and basic raw materials to further this development. No dollar exchange problem exists.

A comprehensive analysis of Venezuela's situation is given in our latest International Economic Survey, Number 103.

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EXPOSING —

HOW SOVIET SPY

This is the story of Soviet spies at work: of murder by daylight in New York and Lausanne, Switzerland; of organized kidnaping in Paris and Berlin.

It is the story of a network of 250,000 agents and half a million collaborators; a spider web that covers every nation on the globe and has its nerve center in Moscow.

There have been sporadic revelations before. Igor Gouzenko exposed a corner of the web in Canada; Nikolai Khokhlov in Germany; Vladimir Petrov in Australia.

Here, for the first time, these threads are drawn together, along with hundreds more, to expose the inner workings of the Soviet conspiracy.

E. H. Cookridge, British political journalist and onetime secret-service agent, takes the reader on a guided tour of the dreaded MVD.

You will meet Beria and Malenkov, Khrushchev and Bulganin in new roles. And you will meet two Russians with less familiar names: Piotr M. Boghdanov and Alexander S. Panyushkin, the real rulers of the Soviet secret service today.

You get an inside glimpse of spy trials from Finland to the Philippines; of uprising in Southeast Asia; of infiltration in Guatemala.

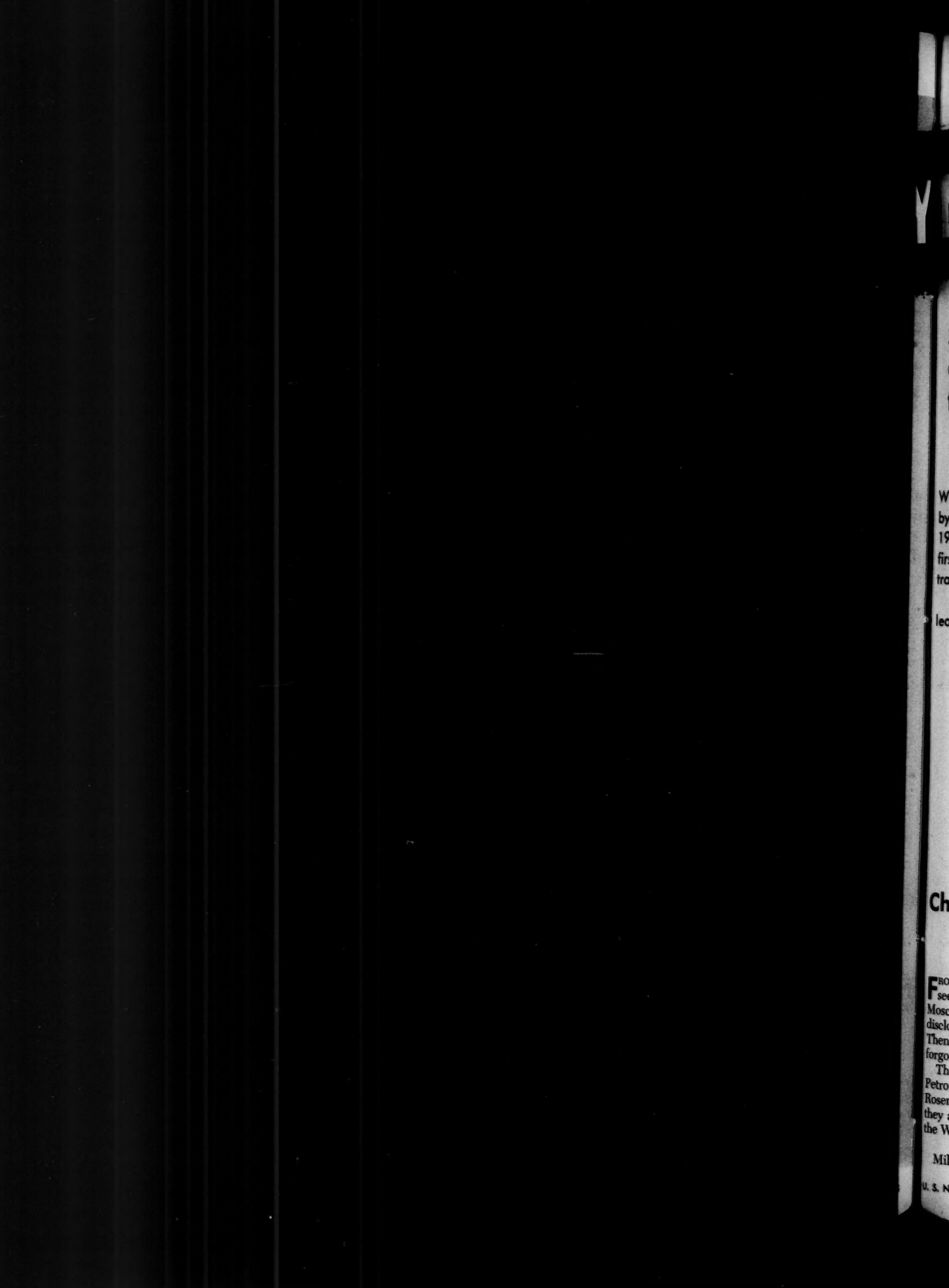
Here is the first detailed description of the Moscow Index—a vast system of biographical files that contains data on many an unsuspecting American. From these files, the Kremlin rulers choose their agents, their informants, their "dupes" and their purge victims.

The author describes:

- The downfall of Beria.
- The murder of Jan Masaryk.
- The atomic spy rings.
- The theft of NATO secrets.
- Cases of arson, sabotage, poisoning, assassination and abduction plotted in Moscow and carried out all over the world.
- The murder of Leon Trotsky.
- The careers of Gerhard Eisler, Julius and Ethel Rosenberg, David Greenglass, Alan Nunn May, Klaus Fuchs, Bruno Pontecorvo, Jacob Golos and scores of others.

Mr. Cookridge has some searching comments to make on the results of the Yalta and Potsdam conferences, and he cites some notable failures of British and American intelligence services.

The author's intimate knowledge of Communist espionage in all of its devious guises makes his book the most revealing exposé to date of "The Net That Covers the World."



NET COVERS WORLD

Story of a world-wide system of espionage as told by E. H. COOKRIDGE, former British secret-service agent

(The complete book, "The Net That Covers the World," by E. H. Cookridge, is being published by Henry Holt & Company, New York, on Aug. 23, 1955. *U. S. News & World Report* has obtained first serial rights in the United States to print extracts from the book.

(Quotations of less than 1,500 words are released for publication in afternoon newspapers of Monday, Aug. 15, 1955. No part of the book, "The Net That Covers the World," in excess of 1,500 words may be reprinted or used in radio or television broadcasts without written permission from *U. S. News & World Report* until August 23, and thereafter from the publisher, Henry Holt & Company.)

Extracts from the book follow:

by E. H. Cookridge

In the realm of espionage it is the MVD, the Ministry of the Interior, which apart from fulfilling the functions similar to those of the British secret service departments popularly known as "M.I.5" and the U. S. Central Intelligence Agency also combines the functions exercised in Britain by the Special Branch of Scotland Yard, and in the United States by the Federal Bureau of Investigation, Department of Justice.

Throughout the book the author refers to the Directorates of the MVD and to most of their predecessors as "Cheka," disregarding the various changes of names of the departments concerned with espionage and subversion, because their functions had remained basically the same in spite of many reorganizations and changes of title.

Chapter I

THE SOVIET SECRET SERVICE

FROM TIME TO TIME an agent of the Soviet secret service seeks political asylum in the West, or a traitor working for Moscow is brought to trial. For a few weeks the confessions, disclosures, and indictments provide front-page headlines. Then the interest subsides and the work of Soviet agents is forgotten—until the next unpleasant revelation.

There is a tendency to regard events like the defections of Petrov, Gouzenko, and Khokhlov, or the cases of Fuchs or the Rosenbergs, as exceptional. But far from being exceptional they are only the outward symptoms of the virus injected into the Western bloodstreams by Moscow for nearly four decades.

• • •

Military espionage, although it may attract more attention, is only a small part of the work of Soviet agents. The "great coups" of the Soviet secret service in securing the secrets of the atom bomb were episodes. They caused sensation when discovered because the subject was novel, and because at the time of the discovery we regarded the Russians as our friends. The real threat of Soviet espionage does not consist of stealing plans of the latest weapons, but lies in the steady pressure everywhere, day after day, year after year. It destroys human values and corrupts men. Winston Churchill put this point clearly when in the House of Commons in 1946 he said: "Many countries seek information about the affairs of others. The difference between the Soviet system and others is that in the Communist section it is a matter of religion

(Copyright 1955 by Edward Spiro)

. . . "No other nation devotes anything approaching the proportion of its manpower and resources to secret service work as do the Soviet Union and the satellite countries"

to sacrifice one's native land for the sake of the Communist Utopia . . ."

Moscow's pressure may vary, but not according to the apparent threat of war, as in democratic nations, for the simple reason that for Communists there is always a state of war. "Power can no longer be seized peacefully," wrote Lenin, and since the proclaimed and inevitable purpose of Communism is the seizure of power in every country, there can be no state of peace. Communism has never seriously made any pretense of seeking power through the ordinary workings of parliamentary democracy. Power is to be seized, and that means military action, although not necessarily the direct action of conventional military forces. Militant Communism has evolved many methods of action that may help to bring victory and power.

Military action to be successful must be preceded by intelligence work at every level from the tactical to the strategic, from knowledge of the enemy's disposition, intention, and armament to evaluation of his morale and economic capacity. The size and scope of the intelligence effort—whether it is a raid by a platoon in no-man's-land or world-wide espionage by thousands of agents—depend on the objective. As William R. Kintner in his book, *The Front Is Everywhere*, says: "Since communist intelligence must provide evaluated information to win a world, it is obvious that the intelligence needs of the General Staff of Revolution are practically unlimited."

250,000 Secret Agents

Thus, one of the things that distinguishes the Soviet secret service from other secret services is its size and the virtually unlimited scope of its effort. The number of men and women employed by the Soviet government on intelligence work has been estimated at about 250,000—this is quite apart from the internal political police. The number is at least ten times larger than that of agents used by all Western nations combined. But even this is only part of the Communist secret army. Moscow regards every member of every Communist Party in the world as a recruit to its forces. In addition Moscow, either through the Communist Parties or directly, binds to itself the "sympathizers" and "fellow-travelers," a reserve army of men and women ranging from high-minded, sincere idealists to woolly-thinking neurotics. They are not Communist Party members, and many of them do not even know they are being used by the Soviet secret service.

There are many examples in this book of the use of these people, whom the Soviet secret service unflatteringly but correctly describe as "dupes," "innocents," or "in-the-dark informants," and we can only guess at their number at any given moment. A suggestion that there are 750,000 men and women in the world—semiprofessional agents, informants, fifth-columnists, fellow-travelers, and sympathizers—whom the Soviet secret service succeeded in ensnaring in some way into the spy net—is probably an underestimate. It is a formidable army, combined with a quarter of a million of full-time agents and officials, and led by an *élite* of 10,000 to 12,000 trained master spies. An estimate of £50,000,000 [140 million dollars] a year spent on it made by an authority some years ago is now probably too low.

The all-in-all cost of Soviet intelligence work can hardly be known even in Moscow, since many seemingly harmless activities—from visits of Soviet sports teams to the entertainment of politicians and trade unionists and from fishery research to cultural relations—are harnessed to the Soviet secret service and exploited for the elucidation of information or for the recruitment of potential informants. Evidence of this will be found throughout this book, and here I need mention only one recent incident showing how thorough is the control of the Soviet secret service and how efficiently its organization functions. A listener in Britain wrote to a radio station behind the Iron Curtain, requesting the title of a musical item it had broadcast. He received an answer—a personal call from a diplomatic official, who, however delicately he approached the subject, was evidently seeking a recruit.

No other nation devotes anything approaching the proportion of its manpower and resources to secret service work as do the Soviet Union and the satellite countries. To a degree the Soviet secret service depends on sheer weight of numbers for its successes, the equivalent of the "human-sea" tactics of the Communist armies on the battlefields. These great numbers are required, as I shall show in more detail, partly because the Soviet secret service has become during the last 20 years a bureaucratic machine, and partly because its tasks and targets are very much wider than those of any other intelligence organizations. I have said that they are "unlimited."

To be more precise, they cover not merely military and political espionage and the collection of all available information on economic and social matters, but also the organization of infiltration, from students' clubs to government departments and from trade unions to scientific and cultural societies; the organization of sabotage, varying from arson to provoking or embittering industrial disputes; the spreading of "misinformation," as Vladimir Petrov [Soviet agent who defected in Australia] stated; and the preparation for and, when required, participation in armed uprisings and military action.

The "Revolutionary Situation"

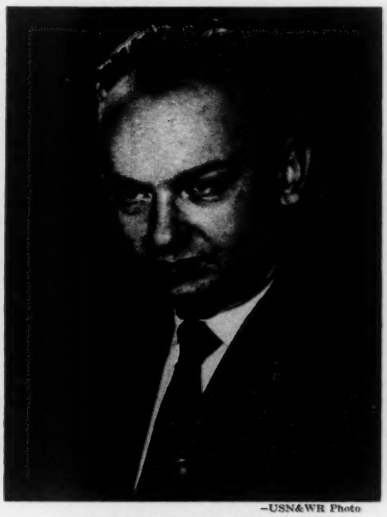
All these activities may be pursued by Soviet agents at the same time, but the particular emphasis varies in different countries at different times, according to the policy Moscow adopts at a given time toward a country or a group of countries, or according to the view taken in Moscow on the "revolutionary situation." It is obvious that tasks assigned to Soviet agents in Britain will not, at present, include preparations for an armed uprising. But just this task may top the list of instructions for a Soviet network in a country in Central America or the Middle East.

Where the "revolutionary situation" is regarded as near ripening, as it may be, for instance, in some areas of Southeast Asia, the mapping of vulnerable communications and public services, the infiltration of those able to disrupt them, and the dispatch of secret agents who may act as instructors with rebel forces, would be routine. In the capitals of the Western world the emphasis will be on securing military, political, and economic information by infiltrating agents into government offices, military units, industrial establishments, and on the recruitment of *novators* [Cheka description for newly recruited agents abroad] and "dupes" who can help in procuring such information. The most recent example is the discovery that several high officials of the National Defense Council of the French Republic supplied secret information

VLADIMIR PETROV

—Wide World

IGOR GOUZENKO



—USN&WR Photo

NIKOLAI E. KHOKHLOV

. . . three Russians who defected and gave valuable information to the West

to Communist agents. Their activities appear to have gone on for several years until the "leakages" were revealed in October, 1954.

Petrov confirmed before the Royal Commission in Canberra that the Soviet secret service in addition to its active spy nets maintains in almost every country at least one "sleeper apparatus," an organization that remains quiescent and without specific tasks against the day when it becomes active on the outbreak of war. Whittaker Chambers stated that he was assigned to such a "sleeper" in the United States in 1938.

• • •

There is no need to be mealy-mouthed and pretend that the secret services of every other country are engaged only in counterespionage and never do anything secretly that they would be ashamed to admit publicly. Obviously, secret service work involves not "playing the game." But there are various degrees of not playing the game, the final judge of what is acceptable or pardonable in free democratic countries being "what the public will stand for." British and American citizens, for instance, would not "stand for" their secret service chiefs planning in detail the "liquidations" of men considered enemies of the state, and sending out "mobile groups" of executioners to carry out murders. It would be unthinkable. For the Soviet secret service it is so little unthinkable that the MVD has a special department for the training of murderers who, properly instructed by high government officials and equipped with suitable weapons, are sent abroad to carry out their assignments. In some cases these crimes are concealed, but generally their perpetrators are concerned only in the escape of the agents and not the slightest in the judgment of the world. Public opinion inside the Soviet Union does not matter, because Soviet citizens are unable to read or hear about such cases.

Again, it is recognized that military attachés at an embassy are there to discover all they can about the armed forces of the country to which they are accredited, and that their inquiries will probably not be limited to official channels or reference books. But there is a world of difference between this and the Soviet secret service destroying the prestige of diplomacy by systematically staffing embassies and legations with trained spies, in the guise of army and air force officers, who never served in the field, whose military rank is purely "honorary," and whose chief occupation is the subversion, bribery, and blackmail of the citizens of the country whose guests they are.

These are some of the features that mark the Soviet secret service and its various organizations.

This book is not a "denunciation" of the Soviet secret service, and only an "exposure" in the sense that, for the first time, the organization and working of this formidable spearhead of militant Communism is fully explained. The Soviet secret service is with us to stay, and denunciation of it will have as little effect on events as cursing bad weather. Understanding of its system and its methods, on the other hand, may be helpful, for such knowledge is essential to blunting its attack. And this requires understanding not merely by the counterintelligence organizations, but by every citizen of every free country, so that he too can frustrate the activities of the Soviet secret service and not—like so many in the past—be unwittingly caught himself in its web.

Chapter II

THE NET THAT COVERS THE WORLD

INTELLIGENCE FOR WORLD REVOLUTION requires world espionage. There are about 200 countries enjoying varying degrees of sovereignty in the world, ranging from the United States of America to the Principality of Monaco. Whether a country covers half a continent or is a mere speck on the map, there are Soviet agents at work in it, generally sustained by a well-organized Communist fifth column. However remote or peaceful the place, it may hold importance to Moscow for

. . . "Agents had collected highly secret information on the heavy and medium guns sunk into granite platforms, the pride of Sweden's defenses in the frontier and coastal regions, automatically loaded and radar-controlled"

one reason or another. Sparsely populated sub-Arctic regions are today the lanes of long-range air communications. Equatorial territories may provide sources of uranium. A small Central American republic becomes important because of its neighborhood to the Panama Canal. In all such places Soviet agents are not less active than in the capitals of great countries; and Soviet submarines, fishing trawlers, and whaling ships roam the oceans carrying agents who contribute their part.

The targets of the Soviet secret service are unlimited and in a short chapter it is possible to give only a sketch showing that the examples quoted could be multiplied with variations in any part of the world. Starting in the high north, we find six Finnish nationals being tried in July, 1954, at Vaasa, the second major spy trial in Finland in six months. In both cases the accused were fishermen and reindeer shepherds from Lapland who had sold information about frontier defenses to the Cheka. They were encouraged with vodka and big meals to cross into Soviet Karelia. But these were only two cases of many concerning Soviet espionage in sub-Arctic regions.

Red Spying in Norway

Asbjoern Sunde, a well-known leader of the anti-German Resistance in Norway during the war, received eight years' imprisonment; Earling Nordby, a Norwegian Army officer, three years. Sunde had worked for the Soviet spy network since the war, and on one occasion before his arrest in December, 1953, had escaped from the police in a motor car registered with the Soviet Embassy. Moscow's regard for Sunde was shown by the money lavished on his defense and by the efforts made by the Soviet secret service to plant false evidence to secure his acquittal. A commentary on the methods of the Soviet secret service was the discovery that one of the Soviet networks in Norway worked behind the front of the Commission for the Care for War Graves. Some 200 Soviet citizens died in Nazi concentration camps in Norway during the war and a few Red Army men were killed in the liberation of the most northern province. As a gesture of friendship the Norwegians allowed a Soviet commission to care for the Russian cemeteries inside Norway. This was used as cover for espionage.

Security considerations have prevented full publication of the known exploits of Soviet agents in Norway, but there is more exact knowledge of their successes in Sweden as a result of a series of trials between 1951 and 1953. Admiral Helfe Strömback, Commander-in-Chief of the Swedish Navy, stated the damage done was irreparable. All the secrets of Sweden's defenses had passed to the Soviet agents during the previous ten years. At least five parallel networks were shown to be in existence, working undisturbed since 1941.

On September 12, 1951, Ernest Anderson, an officer of the Swedish Navy, obtained five days' leave from his duties in Stockholm to attend to some urgent family matter. But instead of going to his home town of Nassjö, he traveled to Karlskrona, Sweden's chief naval base. He returned to the capital on September 20 and went to an ice-cream parlor where he took a bicycle left for him by Nicolai Orlov, an official of the Soviet Embassy. He rode to the Southern Hospital, and left the bicycle in the entrance hall, after placing some papers in the tool bag and in the tube of the pump. Anderson had been followed by counterintelligence officers. They examined the bicycle and found the papers were copies of secret documents—written in invisible ink—relating to the equipment of Swedish warships based on Karlskrona. At Anderson's trial it was shown he worked for a spy net under the control of the Resident Director, Victor Anissimov, chief correspondent of Tass. Anderson had joined the network in 1946, being recruited by a Swedish Communist, who introduced him to Vinogradov, then second secretary of the Soviet Embassy. Among information obtained by Soviet agents from Anderson were copies of secret documents of the armament, disposition, and state of readiness of the Swedish Navy, the defenses of all naval bases, details of possible landing points and defenses on the east and west coast, and details of the fortress of Boden, Sweden's bastion against invasion. With money given him by the Resident Director, Anderson had bought an expensive camera and photographed airfields, notably at Sweden's main air bases at Lulea.

A parallel network accomplished even more in the political, industrial, and military field. In July, 1952, nine Soviet agents were tried in Stockholm. They were members of the spy ring directed by Arthur Karlsson, who nominally held the humble job of a doorman at the office of the Communist newspaper *Ny Dag*. Chief agent of this network was Fritjof Enbom, a 33-year-old journalist and former officer of the Swedish Army. For ten years—since 1941—he had been organizing a nationwide spy web and had recruited a large number of *novators* and informants. The targets given him by the Moscow directorates were:

(*a*). To provide a force of 200 saboteurs, able in the event of war to blow up the central arsenal and the power station at the fortress of Boden, disrupt railway transport, and spread confusion among Swedish troops and civilians by broadcasting misleading orders from a clandestine radio station.

(*b*). To organize among Communists and Communist sympathizers an "activist group" in north Sweden to prepare Red Army invasion of the country, and

(*c*). To provide detailed information about iron-ore fields and industrial plants.

Plans for Fifth-Columnists

Enbom delegated the recruitment and training of the saboteurs to Hugo Gjersföld, a former army sergeant. The plans provided for the fifth-columnists, armed with weapons sent from Russia, to seize certain frontier fortifications along the invasion route and, hiding in trees, to report on the movements of the defending Swedish forces. When the agents were arrested, police found a radio transmitter already supplied through the Soviet Embassy to Enbom, as well as general staff maps, charts, military photographs, detailed drawings of frontier defenses, and much other material, and an arsenal of small arms. A railwayman, Fingal Larsson, had a complete plan for sabotaging the railway system in northern Sweden. Other agents had collected highly secret information on the heavy and medium guns sunk into granite platforms, the pride of Sweden's defenses in the frontier and coastal regions, automatically loaded and radar-controlled. Enbom and Gjersföld received life sentences and other agents prison terms ranging from two to eight years, but the damage

. . . "Soviet agents have been trying to penetrate Alaska and the Aleutian Islands"

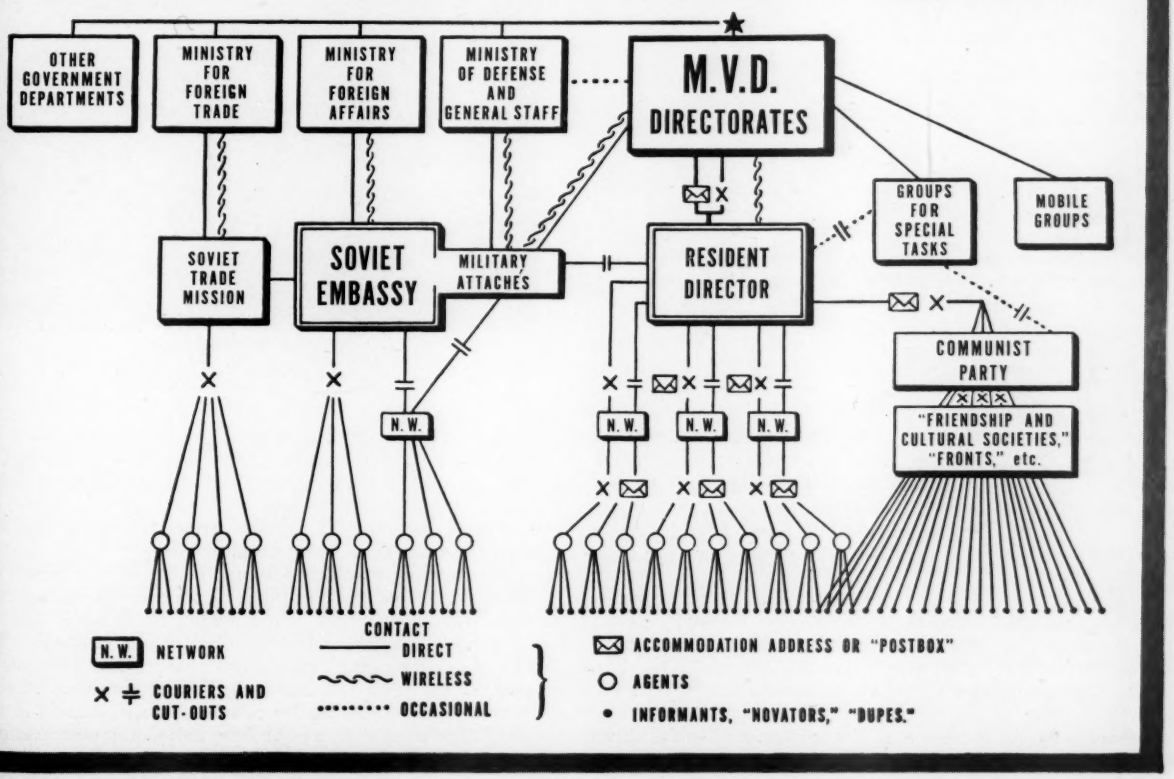
had been done. Sweden had always maintained that in any future world conflict, her policy would be armed neutrality. The question arose after the trial whether the complete information Moscow had received about Sweden's defenses had not destroyed the military basis of that neutrality.

While the trial was in progress four members of the Soviet Embassy and 22 members of the consular and trade mission staff and their families embarked aboard the Soviet steamer *Beloostrov* from Stockholm to Leningrad. Several of them had been accused at the trial, but the Swedish government was unable to proceed against them, because of their diplomatic status. With the Soviet officials went Seth Persson, a leader of the Swedish Communist Party, Gustav Johansson, former editor of *Ny Dag*, and a Swedish employee of the Tass agency.

Turning to the other side of the world, we find Soviet agents active in the Arctic and sub-Arctic regions of Siberia and Alaska, which have become of immense importance. Strategists regard the North Pole route as the major lane for atom bombers in a future world war. The United States has been spending enormous sums on the development and defense of Alaska, which is uncomfortably close to the Soviet Chukotski Peninsula, where the Soviet government, in turn, has established secret air bases. America and Siberia are separated by only 58 miles of water, and midway in the Bering Strait lie two islands, the American Little Diomede and the Soviet Great Diomede, only two miles apart. Soviet bases now exist not only in northern Siberia but also in the Kurile Islands and the Komandorskiye Islands north of Japan. Soviet agents have been trying to penetrate Alaska and the Aleutian Islands. That they make imaginative use of any opportunity was shown when General Walter Bedell Smith, then chief of U. S. Central Intelligence, received a strange report from one of his agents. An Eskimo team had crossed the Bering Strait to play football against a team of Alaskan Eskimos. Among the Siberian players were several Russians—their "make-up" as Eskimos rather obvious. They carried miniature photographic cameras!

Returning to Europe, we find there is no country in which Soviet agents have not been successful in recent years. The discovery of a large network in the Low Countries was the result of the foolishness of a Dutch *novator* who left a cigarette package containing secret messages in a streetcar shelter at The Hague, which was used by the Soviet agents as a post box. The couriers who delivered and collected the messages

Diagram of an "Avanpost" in the Capital of a Large Country



. . . "The existence of some 5,000,000 Communists in Western Germany means that the Soviet secret service has little difficulty in obtaining information or smuggling agents and contraband"

were watched, and Oldrich Neumann, who worked nominally as an accountant at the Czech Embassy in The Hague, was unmasked as one of their chiefs. It was discovered that assignments were being given on micro-film transmitted in split picture postcards bearing conventional holiday greetings from Scheveningen and other seaside resorts. The hoary method of sticking messages under café tables with chewing gum was used in Brussels and Antwerp. The information supplied to Soviet agents in Belgium included descriptions of airfields used by British and U. S. airplanes, the deployment of troops, details of dikes and coastal defenses and supplies received from the U. S. for the Dutch and Belgian forces.

Espionage in Western Germany has been so continuous and extensive that it would be impossible even to list here the many exposures. Since the discovery in 1946 of the first big network of the Cheka controlled by the secret agents Sedov and Shulkin, there has not been a month without a spy case in the three Allied zones. . . . The exploit of an agent who in 1951 apparently managed to photograph the private diary of Major General Robert Grow, U.S. military attaché in Moscow, when he visited the U. S. headquarters in Frankfurt, made front-page news. There was no suspicion that the diary had been tampered with until six months later quotations and pictures appeared in a book published in East Berlin, *On the Path to War*, purporting to have been written by Major Richard Squires, a British officer who vanished in Germany in 1947.

"The Beautiful Woman Spy"

In Frankfurt the Soviet secret service appears to have worked the "beautiful woman spy" trick with great success. Maria Knuth, an attractive German actress, entertained British and American officers at her luxurious flat in a Cologne suburb. She was caught by M.I.5 agents in the Central Post Office in Cologne with documents that are said to have shocked Allied commanders. She had for several years kept Soviet agents informed of military dispositions, airfield construction, the development of West German police and frontier forces, and plans for the new German Army. Inspector Hermann Westbold of the Frankfurt police, regarded as particularly trustworthy by the Allies, confessed that he had been a Soviet agent for several years. He was paid £45 [$126] a month. Four other members of the network were arrested, but the chief agent was never caught. The spies had operated a portable radio transmitter.

Whatever view is taken of the crossing into the Soviet zone of Dr. Otto John, head of the West German secret service, in July, 1954, it was clearly a triumph for the Soviet secret service and more than compensation for the defection of Nikolai E. Khokhlov and other Soviet agents, who had come over to the Allies in Germany earlier in the year.

These are only a few instances from scores. The existence of some 5,000,000 Communists in Western Germany means that the Soviet secret service has little difficulty in obtaining information or smuggling agents and contraband.

The position is similar in Austria where the Cheka has a branch office of its Section for Terror and Diversion in a former imperial residence at Baden, some 15 miles south of Vienna. One of the recent big espionage cases in Austria concerned a network directed by two former U. S. army officers, Otto Verber and Kurt L. Ponger, who had joined the Soviet secret service after being recruited by Yuri Novikov, second secretary at the Soviet Embassy in Washington, in 1947. Both had gone to the U. S. A. as refugees and, after naturalization, joined the army in 1943, serving in the U. S. Intelligence Corps. They worked as interrogators in the Nürnberg war crimes trial of Göring, Hess, and other Nazis. Later they returned to New York, applied for GI grants to study at Vienna University, and thus became Soviet agents at the expense of the U. S. taxpayer,

—Sovfoto

SERGEI N. KRUGLOV
. . . the MVD's "police chief"

who even paid for their families to join them! Their work for the U. S. Intelligence Corps during the war made it easy for them to mix with Allied officers. Their indictment before a federal grand jury in Washington in 1953 listed 14 major charges. . . . Security prevented the full extent of their activities from being disclosed. . . .

Nearby Switzerland, traditionally neutral, had been a hunting ground and meeting place of spies of all nations in two wars. But Switzerland, while joining no alliance, had made clear her resolution to defend herself if attacked and is therefore of interest to the Soviet secret service. One *Avanpost* [outpost, or spy ring] was found in the Lucerne Nova Vita publishing house of Dr. Xavier Schmeisser, specializing in Christian literature and even publishing anti-Communist pamphlets. This was an effective cover for espionage. After years of suc-

. . . "In France and Italy the Soviet secret service is well entrenched, with agents in every government office, military unit, trade union, and factory"

cessful operation as publishers of religious literature, Schmeisser and another agent, Rudolf Roessler, aroused suspicion, and a police raid on their offices brought to light 160 microfilmed espionage reports. Investigation showed that this *Avanpost* originated at the Soviet spy center at 192 Route de Florissant in Geneva, where during the war two radio stations operated with remarkable success, keeping Moscow informed from a source in the German high command. The Resident Director, Hungarian-born Alexander Rado, spent 300,000 Swiss francs in 1946 setting up a new network. The Swiss federal president has openly charged the Swiss Communists

–Harris & Ewing

LIEUT. GEN. ALEXANDER PANYUSHKIN
. . . in charge of terrorist activities

with being in the pay of Moscow. One of its leaders, Leon Nicole, was a *Pravda* correspondent and represented the Tass agency.

In France and Italy Communists have substantial parliamentary representation and the Soviet secret service is well entrenched, with agents in every government office, military unit, trade union, and factory. That the Cheka misses no opportunities was shown in May, 1952, when it was announced by the Vatican that Father Alighieri Tondi, professor at the Gregorian Academy of the Vatican, had been found to be a Soviet agent, "deliberately planted in the Jesuit Order."

The raids ordered by the French government in 1952 produced a great number of secret documents relating to NATO and France's own defenses. With 800,000 actual and 5,000,000 potential Communist Party members in the country, Soviet agents find espionage in France comparatively easy.

The exposure of two Soviet networks in Paris and Lyons in 1952 provided as much material as the discovery of the Canadian spy ring. The French counterintelligence and the NATO headquarters were confronted with the fact that virtually all French defense secrets had been betrayed. Among maps found by the French authorities in the possession of Soviet agents was one showing almost all NATO installations in France, identifying the location of seven army camps, 13 bulk fuel depots, 15 munitions dumps, 12 air bases, and 17 ordnance depots. Other documents indicated the sites of 18 Allied air bases, seven military test ranges, two rocket sites, four mine areas, and two munitions factories in the Western German zones adjoining France. A list contained the names and positions of 244 American officials and organizations in Paris, apparently prepared for the Moscow Index to be used on some future occasion.

In Toulon it was found that Cheka agents had formed a cell within the ranks of the police and the naval security forces and had been receiving detailed accounts of military convoys passing through the port on their way to Indochina. Branches of the networks were discovered at Lyons and Clermont Ferrand, the important industrial centers. At Lyons a number of genuine official seals, which had disappeared from government and military offices, were found being used by the agents for forging identity papers and credentials to enable them to enter secret armament plants and military depots. Officers of the Sûreté's Special Security Branch declared the networks exposed were "only a few cogs in an espionage organization with much bigger ramifications." And they could lay their hands on only one "real" Soviet agent, identified by his code name "Mayen." Others claimed diplomatic privilege or simply disappeared, leaving the Communist dupes and *novators* to their fate.

How Spying Weakens France

Successive French cabinets have been reticent about publicizing either the spy trials or the investigations of counter-intelligence organizations. This has been due not only to anxiety to avoid conflict with Moscow, but also because general appreciation of the vulnerability to espionage would make Britain and the U.S.A. reluctant to share secrets and weapons with France. A French politician, speaking of the "catastrophic extent of espionage" in France, estimated there were 200 Soviet networks using more than 20,000 full-time agents. I do not know the evidence on which this was based, but I am certain that the Cheka agents in France today, with the Communist fifth column, could provide an alternative government administration and an alternative army without difficulty in the event of an uprising in a future war.

If I needed corroboration for this contention, it was provided by the events in Paris when these lines were written. In October, 1954, the secretary general of the Committee of National Defense of the French Government, M. Jean Mons, was charged with "damaging the security of the state," after two of his high officials, M. René Turpin and M. Roger La-

. . . "There can be no doubt that the Soviet secret service as well as the French Communist Party are now in the possession of some of the most closely guarded political, military, and strategical secrets not only on the French Republic but also of NATO"

brusse, were arrested on charges of treason. They were accused of having supplied top-secret documents concerning French defense and military plans relating to NATO to a Communist agent, André Baranes. Only two high officials had the right to attend and take notes at the secret meetings of the National Defense Committee. One of them was M. Mons whose two chief aides, Turpin and Labrusse, were able to see these notes and minutes, and who transmitted them to the Communist emissary. Already during the initial stages of the interrogation it came to light that these "leakages" had been going on for more than 15 months, at least since July, 1953. There can be no doubt that the Soviet secret service as well as the French Communist Party are now in the possession of some of the most closely guarded political, military, and strategical secrets not only of the French Republic but also of NATO, as far as these have been made available to the French National Defense Committee.

In spite of the suppression of Communism in Spain and General Franco's totalitarian regime, the Soviet secret service has never ceased to be active there. This activity was immediately increased when the United States began to rearm Spain and develop bases. Three agents were uncovered at Bilbao in 1953. They had been sent to Spain by a roundabout route from the Berlin-Karlshorst Cheka center, apparently charged with sabotage at the new factory where prototypes of a new jet fighter were being built by Hitler's famous aircraft designer, Professor Messerschmitt. It was stated that a high Franco government official, Fernando Mondala, was a Soviet agent, which shows that the Cheka is able to infiltrate not merely the governments of democratic countries but also totalitarian ones.

Balkans: "The Attack Continues"

In the Balkans after the war the Soviet secret service had serious setbacks with the crushing of the Communist EAM rebellion in Greece and the breakaway of Marshal Tito. The Cheka made a series of determined attacks on Yugoslavia, far too extensive to describe here. Interested readers can find the astonishing details in the 480 closely printed pages of the *White Book* issued by the Yugoslav Ministry of Foreign Affairs. That the attack continues is shown by the periodical arrests and trials of agents. With the defeat of open revolution in Greece, the Soviet agents concentrated on discovering the details of NATO installations and American bases. The trial of Nicholas Beloyannis and 28 others in Athens in 1952 disclosed the amazing efficiency of the networks operating under difficult conditions. Two powerful radio transmitters had been installed at Villa Avra, eight miles from Athens, and in a building in the Kallithea slums of the capital. Messages in cipher were sent regularly to Bulgaria and on to Moscow. Typical messages quoted at the trial were:

> On . . . island between Rhodes and the Turkish coast big installations for U. S. superforts and submarines. Deep underground tunnels and depots. Only reliable Turkish labor employed under strict American supervision.
>
> At Goudi American ammunition depots are four meters below ground. Five kilometers southeast Megara, opposite Pagia Island separate explosive depots. Between Megara and the hills is a secret airfield, where training aircraft land.

One of the transmitters had been assembled from brand-new accessories of American origin which the agents and their Communist helpers must have obtained from U. S. stores. The other transmitter was Russian and the mystery of how it was smuggled into Greece remains. Even after the exposure of three networks between 1951 and 1953, the Greek authorities believe that other parallel networks still exist.

Middle East: Using "Nationalism"

In the Middle East the Cheka has been able to combine espionage of military secrets with the exploitation of nationalist movements to discredit the British and American imperialists. In Persia, after the Tudeh Party, controlled by Soviet agents, was outlawed in 1949, Cheka agents in great numbers entered the country to set up fronts, such as the Society for Freedom of Iran and the League Against Imperialist Oil Companies. Mullah Kashani, spiritual head of the most fanatical nationalists, admitted his connection with Communist agents, and links between the Moslem Brotherhood and Soviet agents in other Arab countries have been established. The present (1954) governments in Teheran and Cairo and the smaller Arab states are strongly anti-Communist, but they are militarily weak, while on the frontiers of Turkey, Persia, and less than 200 miles from the Iraqi oilfields is a well-disciplined "army of liberation" under General Mustafa Barzani, leader of the Soviet Kurds. There are 4,000,000 Kurds in the Soviet Caucasus, Turkey, Syria, Iran, and Iraq, and Moscow has promised them the establishment of a sovereign Kurdistan. Documents found on Soviet agents in the Middle East in 1954 showed that the invasion routes into Turkey and to the oilfields of Iraq through Kurdish territory have been carefully mapped.

In the Far East the number of Cheka agents engaged as "instructors" and espionage organizers may have been comparatively small, but they played a key part before the outbreaks. Today there is no place of importance in Asia outside the "Bamboo Curtain" where the Soviet secret service has not an *Avanpost*, and conditions make it possible for them to work without being unduly worried.

Chinese and Soviet agents work in greater harmony than many people believe. It seems that Peking, aware that its own agents are not sufficiently trained and experienced, is willing to accept the guidance of Cheka emissaries and Chinese agents are often subordinate to a Soviet Resident Director. This appears to be particularly the case in Indonesia where Western counterintelligence has found some of the best organized and most efficiently run *Avanposts* in the Far East. The key man is Wang Jen-shu who led the Communist bands in the revolution in 1948 against both the Dutch and Indonesian authorities. He later went to Moscow and returned in the autumn of 1951, nominally as a diplomatic representative of the Chinese People's Republic, in fact as the chief representative of the Far Eastern *Otdyel* [Department] of the Soviet secret service.

With the liquidation in 1954 by President Magsaysay of the Communist Huk guerrillas in the Philippines, Moscow suffered a severe setback, but there is evidence that action was taken immediately to replace the losses with new Soviet and Chinese agents from Jakarta in Indonesia. The chief Com-

. . . "The Western hemisphere is regarded by Moscow as the 'heart of capitalist encirclement of the Soviet Union' . . . Moscow has striven to insure participation in the government for its Communist *avant-gardes* in Latin America"

munist agent in the Philippines was neither a native nor an Oriental, but an American, William Joseph Pomeroy, born at Rochester, N. Y. After a good education Pomeroy joined the Young Communist League of America at the age of 18, in 1938. He served with the U. S. Fifth Bomber Command and took part in the liberation of the Philippines. After the war he studied at the University of the Philippines under the GI Bill of Rights, and married a Filipino girl. Just when he joined the Soviet secret service is unknown, but eventually his activities led to a price of $30,000 being put on his head when he fled to the Sierra Madre. Upon capture he was charged not merely with being a Communist spy but also with several murders, arson, and kidnaping. Documents and notes found on him referred to Pedro de la Pena, a high official in the Republic's Ministry of Defense and chief of its intelligence service, an ardent anti-Communist who wrote bitterly against Russia and China in the paper *Free Asia*, owned by his friend, millionaire Antonio Chua Cruz. Investigations showed that De la Pena and Chua Cruz were both involved with Soviet and Chinese espionage networks and that the money with which they had been lavish had been raised by blackmail and extortion. Chinese in Manila had been mulcted of 10,000,000 pesos under threats to their relatives in China.

The unmasking of these networks showed how the Communist secret services combine legitimate intelligence work with extortion rackets. Similar methods have been used against the Chinese in the U.S.A., particularly in San Francisco.

Japan has a strong Communist fifth column which, in spite of General MacArthur's confident assertion that it had been "decisively defeated" four years ago, now virtually controls some powerful trade unions. There is no doubt that infiltration of government and police offices has resulted in an efficient organization for espionage.

Target: Australian Uranium

Turning south we find that the defection of Petrov and inquiries of the Royal Commission on Espionage in Australia showed that this continent had been the target of a determined attack by Soviet agents. It is clear that Petrov knew only part of the Australian story and that there are parallel networks of which he knew nothing. For instance, it was another network which attempted to get information about the uranium deposits on the Edith River and near Radium Hill. Petrov's defection did not mean a vital blow to Soviet espionage in Australia except to the extent that it roused the Australians to the danger.

New Zealand of all the countries in the world has probably proved the most difficult for Soviet agents to penetrate. The attempt to recruit Maoris for Communist agitation was a failure. The general lack of Communist success in New Zealand may be due to the fact that it is a small and prosperous country with a homogeneous population.

The Western hemisphere is regarded by Moscow as the "heart of capitalist encirclement of the Soviet Union." Both North and South America represent the "young and vigorous power of capitalism"—in the south in its cruder form—not yet affected by disintegration evident in the economic structure of the European continent. Until the last world war the Soviet attitude to South and Central America was based on the world-revolutionary doctrines of Communism. But in the recent years Moscow has striven to insure participation in the government for its Communist *avant-gardes* in Latin America, rather than to aim at immediate Communist revolution. This change of policy explains the more subtle activities of Communist leaders, Moscow emissaries, and agents of the Soviet secret service south of the United States.

Target: Panama Canal

Guatemala is a good illustration of these tactics. In 1952 the Communist Party of José Manuel Fortuny was a small organization composed largely of intellectuals and students. There also was the large Workers' Party, led by Victor Manuel Gutierrez, member of the Guatemalan Congress, boss of the 50,000-strong trade unions federation. Gutierrez was invited to Moscow, received by Stalin, and treated as a very important guest. Soviet agents gave orders to the handful of "official" Communists in Guatemala to treat the Workers' Party and Gutierrez as allies. When he returned home the two parties were fused. Guatemala had a strong united Communist movement, which soon became the strongest political force in the country, influencing and often dictating the policy of President Jacobo Arbenz's government. The Soviet secret service was able to run its espionage networks, important because of the proximity of the Panama Canal, undisturbed until Arbenz and his government were overthrown in the summer of 1954.

Similar tactics have been tried in other Latin American countries, though with less spectacular success. Communist propaganda and the activities of the Soviet agents make use of the nationalist resistance to American capital and "Yanqui imperialism." Recruits are looked for in nationalist, liberal, and intellectual circles, rather than among the underprivileged.

Any attempt to describe the world-wide ramifications of the Soviet secret service in a few thousand words must be inadequate, but even this glimpse of the world-wide web suggests its great size and extraordinary ramifications. It remains to glance at Soviet activities in the United States, now Moscow's most important target. The publicity that accompanied the exposure of the "atomic spies," the confessions of Whittaker Chambers, and recent Congressional investigations whose reports fill many large volumes, has undoubtedly given the impression in Europe that Soviet espionage in the U.S.A. has been important only in the last decade. In fact, the Soviet spy nets originated in 1919 when the "Red scare" which swept the United States as a result of near-revolutionary industrial strikes resulted in Communist organizations being declared illegal. They were driven underground and the Comintern took advantage of the conspiratorial atmosphere to set up its networks for the Cheka. The two American Communist parties united in 1922, and Moscow's emissaries took control of the 16 foreign-language federations and groups in the new party organization.

The first important Soviet agents were Ludwig Karlovich Martens, a Russian of German origin, and Joseph Pogany, better known under his alias of John Pepper, who had been war commissar in Bela Kun's "hundred days" Soviet regime in

. . . Stalin: "I consider the Communist Party of the United States one of the Communist Parties to which history has given decisive tasks"

Hungary. Martens was deported in 1921 with his lieutenant, "Adams," a young man whose antecedents and identity had remained a mystery, but who returned in 1942 an experienced Cheka agent to assist in atomic espionage. From the beginning there was closer liaison between the Communist Party and the Soviet secret service than in any other country. This was probably because, at least until the last war, Moscow was not so much interested in America's military secrets as in weakening her capitalist structure. Infiltration of unions and industrial organizations and even government departments to influence policy rather than espionage was the aim. It is

—United Press

GERHARD EISLER IN EAST GERMANY
From 1941 to 1947, he worked "unhindered" as a Communist agent in the U. S.

worth recalling the instructions given by Stalin to American delegates to the congress of the Communist International in 1929.

> I consider the Communist Party of the United States one of the Communist Parties to which history has given decisive tasks from the point of view of the world revolutionary movement. The revolutionary crisis has not yet reached the United States, but we already have the knowledge of numerous facts which suggest that it is approaching. It is necessary that the Communist Party of the United States should be capable of meeting the moment of crisis fully equipped to take direction of the class war in the United States. You must be prepared for that, comrades, with all your strength and with every means. You must forge real revolutionary cadres and leaders, who will be capable of leading the millions of American workers toward the revolutionary war . . .

There was no ambiguity about the "tasks," and the Comintern and the Cheka agents in the U. S. went on the offensive together with the leaders of the American Communists. The importance Moscow attached to the United States at this time can be shown by the quality of the chief agents it sent. The political angle was entrusted to Sergey Gusev, who with Alfred Tilton shared the rank of Resident Director. Gusev, who used Green, Drobkin, and other aliases, held the rank of major general and was one of the highest officials of the Cheka. The Comintern sent Sirola, former chairman of the Finnish Communist Party, under the code name "Miller." Much of the work was based on Soviet trading missions and "commercial firms" such as Prodexco, Inc., and the Amtorg Trading Company, on the same pattern as Arcos, Ltd., in London. Some of the finance was supplied by the sale of Tsarist jewels smuggled in by sailors of Wollweber's International Seamen's Union.

At one time Tilton summoned to America the "Baroness," Lydia Stahl, one of the Cheka's most experienced agents in Western Europe. She was given the task of making contacts with government officials and service officers. These contacts proved valuable in later years and are believed to have been the basis of the Ware Group, the first spy cell in the administration of which—Whittaker Chambers and Nathaniel Weyl alleged—Alger Hiss and Harry Dexter White were members.

The financial and economic troubles of 1929 provided great opportunities for spreading the network. It was in this year that Pavel Mikhailov, mentioned in connection with atomic espionage much later, arrived in the U. S. He held the rank of deputy chief of the Foreign Division of the Cheka, and Congressional investigations suggested that with Gerhard Eisler he established the first cells in the U. S. Treasury, the Department of Agriculture, and even the State Department.

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Eisler: "Typical Agent"

The career of Eisler is worth looking at as typical of that of a major Soviet secret service agent.

Eisler was one of three children of a Viennese lecturer in philosophy, all of whom became Communists in their early youth. His sister, Elfriede, better known as Ruth Fischer, had in the 1920's led the German Communist Party, but later fell out with Stalinism and became one of the fiercest denunciators not only of Moscow but of her own brother. In his early days in Germany, Eisler was associated in a number of conspiracies, one of the most fantastic being an attempt to poison members of the German government and general staff by cholera bacilli. Under the alias of Edwards he visited the United States and later organized the Scandinavian networks, where his most useful men were Fritjof Enbom and an officer in the Swedish Navy, Ernest Hilding Anderson. This network worked undetected until 1951. After Hitler came to power Eisler went to France and later was given the task of organizing escape routes for Communist agents trapped in Vienna and Prague after the Nazi occupation. He did an efficient job but was himself trapped in France in 1940, where he was interned and in danger of falling into the hands of the Gestapo. He was freed with the aid of a visa from the American Embassy in Paris. But immediately after he landed

. . . "The United States has been for three decades subjected to a determined attack by the Soviet secret service. This attack has been as successful as in any other part of the world"

in the U.S.A. he became active in directing American Communist policy. In accordance with Soviet secret service principles, he never visited the Party offices, but from his comfortable penthouse in a New York suburb and as Mr. Hans Berger in the offices of the Anti-Fascist Refugee Committee on Lexington Avenue, he carried on his illegal activities.

When eventually after the war he was summoned before a Congressional Committee, he tried to behave like Dimitrov at the Reichstag fire trial. He was sentenced to one year's imprisonment for contempt of Congress, but lodged an appeal and was released on bail of $23,500 put up by the Civil Rights organization. For several months Eisler, now admitting his real identity, was allowed to address meetings and to give interviews. Eisler realized it could not last forever, even in a democracy, and one evening had a quiet meeting with the personal assistant of the Soviet ambassador, Panyushkin. The next heard of him he had sailed secretly in the Polish liner *Batory*. The U. S. State Department appealed to the British government to arrest and extradite him and he was taken off the liner at Southampton and brought to Bow Street police court. But contempt of the U. S. Congress is not an offense under British law and he was allowed to proceed to Gdynia. He reached Warsaw in time to address one of the numerous peace congresses as a martyr of imperialist persecution, and later became Deputy Minister and propaganda chief of the East German Democratic Republic. During the last two years little has been heard of Eisler; yet men like him may fade out but they do not retire.

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Having been known for years to the U. S. authorities as a Comintern agent, Eisler was nevertheless allowed to land again in the U. S. in 1941 as a refugee and worked unhindered until 1947, when sentenced for contempt of Congress and—released on bail—was still allowed to escape. This seems to be typical of the inexplicable tolerance of the U. S. authorities in dealing with Soviet agents. Again, whatever may be the truth about the activities of Alger Hiss, there is no doubt that the notes of Assistant Secretary of State Adolf A. Berle on his conversation with Whittaker Chambers remained locked in the State Department's safe for years until they were turned over to the FBI in 1943.

The Japanese attack on Pearl Harbor and entry of the U. S. into the war gave Soviet secret agents a new lease of life. Because America and Russia had become allies it became easy to place new agents and, as Elizabeth Bentley revealed when she broke with the Communists in 1945, she alone had contacts with 80, 37 of them in government employment. During the war the Soviet secret service worked its agents into many government departments, armament factories, and other places of importance. In a single raid on the offices of the Communist magazine *Amerasia* in New York, agents of the OSS and FBI seized 1700 documents, ranging from top-secret to confidential, coming from every department of the administration and the Pentagon. Six arrests were made but only two persons went on trial on charges of "stealing government property." They paid fines of $3000 and were released. . . .

The United States has been for three decades subjected to a determined attack by the Soviet secret service. This attack has been as successful as in any other part of the world and it seems clear that, even though the nation's leaders must have been aware of it, there was incompetence, inefficiency, and sometimes, we must feel, downright stupidity. Compared with the many major cases in the U.S.A., the "escape" of Burgess and Maclean—who have never been proved to have given any secrets to Russia—was a triviality. Even the mistakes that allowed Fuchs and Nunn May to slip through the British security net were no more glaring than hundreds of similar ones on the other side of the Atlantic.

Some failures of the British counterintelligence have been the subject of much criticism in the United States and were cited as one of the reasons for the decision not to share atomic secrets, a decision which did much to impair Anglo-American relations. Yet the heart searching that America has done in the last few years shows that damage inflicted by Soviet agents in Britain means nothing compared with that they have inflicted in the U.S.A. Moreover, this damage continues. Representative Clarence Cannon, when chairman of the Appropriations Committee of the House of Representatives, said there were at least 4500 Soviet agents working in the U. S. known to the FBI. How many more were unknown and therefore the more dangerous, we can only guess.

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Chapter III

SOVIET SECRET SERVICE ORGANIZATION TODAY

WHEN I HAD A SPECIAL PASS to explore the beautiful and confusing mixture of Byzantine, Gothic, Romanesque, and Neo-classic buildings forming the Kremlin, I often passed a plain three-story house with a stucco façade and small marble entrance in Kaljayev Place, standing next to the old palace of the Senate. Built in 1775, this house was probably intended as the residence office of a high official of the Upper House. It has pleasant flower beds and fine views from the windows. To the northeast is Red Square, with the mausoleum of Lenin and Stalin. To the west, looking across a large park, is the Machovaya Ulitza [Street], dominated by the House of the Soviets, the Central Archives, and the former home of the Communist International, now for 20 years the headquarters of the Cheka.

The unassuming little house seems most inappropriate as the nerve center of the largest espionage organization in the world. But from another point of view it fits well enough. The house is as quiet and secretive as the men who work in it. It is far from the main traffic artery and a half-mile walk to the Ministry of the Interior and State Security near the Iljinsky Gate or the concrete and glass building in the Ma-

. . . "The real direction of the Soviet secret service is controlled by two men whose names do not appear in the official lists of the Soviet government"

chovaya which are the work places of some 12,000 Cheka officials and special agents.

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Today the building is used chiefly as a convenient conference place for Cheka chiefs where nameless visitors can be summoned and consulted unobserved even by the ordinary Cheka officials. V. R. Menzhinsky's desk has passed to Sergei Nicoforovich Kruglov, honorary Knight of the British Empire, holder of the United States Legion of Merit. Kruglov was appointed Minister of Internal Affairs and State Security in March, 1953, after Stalin's death, when the two ministries were combined under the overlordship of Beria. But a year later Kruglov was relieved of some of his duties and now his former deputy in the MVD, A. I. Serov, heads a new Committee for State Security with full ministerial rank. Serov controls the state security troops and the OSSO, the Special Administrative Board.

Both Kruglov and Serov direct intelligence work. But the real direction of the Soviet secret service is controlled by two men whose names do not appear in the official lists of the Soviet government. Even when Kruglov was the sole chief of the combined MVD and MGB, he was largely a figurehead. His appointment was a reward for services as "trigger man" to Beria. Kruglov is a "cop," a big, bull-necked hulk of a man who joined the Red Militia as a constable. He slowly climbed the ladder under Menzhinsky, Genrik G. Yagoda, and Nikolai Yezhov, until he was promoted colonel and commandant of the Kremlin guards. At 53 he can look back on a unique achievement—surviving his five Cheka chiefs, two of whom died before firing squads and three of whom died more mysteriously.

In the purges of the thirties Kruglov was a loyal executioner. It is believed that he personally executed Marshal Tuchachevsky, Chief of the General Staff of the Red Army, accused of treason and espionage for Germany and shot with seven other generals in 1937. Kruglov's reward was to be made an honorary lieutenant general and Deputy Commissar for Internal Affairs. Yet even when he reached high office, Kruglov remained essentially a policeman. In 1944 he accompanied Molotov to the first United Nations Assembly at San Francisco, and FBI agents noticed with some amusement that he wore two huge pistols in armpit holsters under his black coat.

Decorations for a Spy

Kruglov was in charge of security arrangements at Yalta, at Teheran, and again at Potsdam in 1945. British and American statesmen asked Molotov whether he could suggest the names of some officials to whom they could give decorations in appreciation of his hospitality. With an ironical smile, Molotov replied: "Give an order to Kruglov, our chief security man; he would appreciate it . . ." Lord Ismay accordingly ceremonially invested Kruglov, on behalf of King George VI, as an honorary Knight Commander of the Most Excellent Order of the British Empire and President Truman bestowed on him the U. S. Legion of Merit, an even higher honor. Kruglov, who had detailed information about allied journalists attending the conference, buttonholed me, because he knew that I speak Russian, and asked the meaning of the motto engraved on his newly acquired British order. "For God and the Empire," I translated. A broad grin spread over the Russian's face; "*Spasyiba, horosho, otchen horosho* . . ." (Thank you, very nice, very nice indeed), he said.

Lavrenti P. Beria's accession to control of the Cheka in 1938 coincided with a general realization that war in Europe was both imminent and inevitable. The emphasis turned toward strategic intelligence with particular interest in probing scientific military secrets. The Soviet secret service now consisted almost wholly of men brought up under the Stalin regime, many of them Georgians, and Beria, himself a traveled and cultured man, encouraged the recruitment of well-educated agents who could meet foreign scientists and intellectuals on their own level.

Inside the Soviet Union, Beria's personal ambition was growing. He realized that the Cheka was the key to supreme power in the Soviet Union, and as soon as the end of the war reduced the pressure for purely military matters, he busied himself consolidating his position so that with the expected death of Stalin, he would have no rival. During the war he had fought keenly any apparent encroachment on his personal position, such as the appointment of Andrei A. Zhdanov to organize atomic espionage. By 1948 all the important agents were purely "Beria men" and they worked apart from Molotov's and the army's spies, controlling them through the power of the MVD.

* * *

After Beria's fall Georgi M. Malenkov [former Premier of the Soviet Union] was determined that never again should one man be in control of the secret service. The espionage organization was given two chief directors, nominally subordinated to Kruglov, but in fact reporting all important matters direct to Malenkov, and his powerful brother-in-law, Nikita Khrushchev, successor of Stalin as Secretary General of the All-Union Communist Party. Changes at this level are frequent in Russia, but at the time of writing the two chief directors of the Soviet secret service are General Piotr Mihailovich Boghdanov and Lieutenant General Alexander Semyenovich Panyushkin. Their military titles are purely complimentary, indicating their seniority in the officer corps of the MVD security forces.

Red Agent No. 1

Boghdanov must be regarded as the more important man, and on his shoulders rests the responsibility of the technical efficiency of the world-wide Soviet spy web. He is well equipped for intelligence work, having qualified as a mathematician. His assistants say that his brain works like a computing machine. He was lecturer in higher mathematics at Kiev Technological University when he entered the secret service 28 years ago. He was recruited as a statistician and organizer and not as a professional revolutionary. He is not an Old Bolshevik and has never played a prominent part in the Communist Party.

As we have seen, at the time Boghdanov joined the Cheka, Soviet espionage had a romantic and adventurous background. Yagoda (who was then Menzhinsky's deputy) and later Beria took the realistic approach to intelligence work, and Boghdanov seemed to be the new type of man for whom they were looking. His promotion was slow but steady, he was never interested in the fratricidal struggle for power between the rulers in the Kremlin. His loyalty was to the

. . . "Long before the outbreak of war in Korea in 1950, the Cheka had a large office in Seoul, where hundreds of Koreans were trained as agents"

service and to the men who happened to control it at a given time. He was probably the brain behind the initial organization of the atomic espionage, although for some time it was carried out under the personal supervision of Zhdanov.

Boghdanov is described as a modest and shy man, preferring to work in the background. His name never appears in Soviet newspapers, his photograph had never been published. He has probably received the routine awards of the Order of the Red Banner or the Order of Lenin which go to officials of his rank, but these awards have never been announced. His knowledge of foreign countries has been obtained almost wholly at second hand. Since, before World War I, he left a preparatory school in Switzerland—his father was a well-to-do university professor—he has been abroad only once. That was in May, 1945, when he went on Stalin's order to Berlin to investigate the circumstances of Hitler's death in the Chancellery bunker. His report of these investigations has never been published or even referred to in Soviet newspapers.

Boghdanov is at the time of writing the head of the First Directorate of the Soviet secret service.

Red Agent No. 2

The chief of the Second Directorate, which includes the sections for terrorist activities, is Lieutenant General Panyushkin, now 49 years old, of medium height, with well-cut features and dark curly hair. With his ready smile and charming manners he looks more like an actor than a Soviet diplomat.

Panyushkin was born in Kuibyshev on the Volga River and went through the mill of Communist education, the Komsomol, the Communist Students League, and the "higher political education," until, picked by Stalin himself, he became an official of the Revision Committee of the Central Committee of the All-Union Communist Party. After some minor "diplomatic" appointments, he became in 1939, at the early age of 34, Soviet Ambassador to Chiang Kai-shek's government, a post which he held in Chungking during the war until 1944. Panyushkin was an unofficial member of the Foreign Department of the Cheka for many years, before rising to the ambassadorship in China.

In 1944 his name disappeared from the news, and his recall from China was briefly explained by a chronic stomach complaint, which made a prolonged treatment and rest necessary. Until 1947 little was heard of him, though for a time he had gone back to China.

Then he was suddenly appointed to the plum of Soviet diplomatic posts—the embassy in Washington. He arrived there just before Christmas, 1947, and on December 21 presented his credentials to the then Acting Secretary of State, Robert A. Lovett. He was considered one of the most amiable Soviet diplomats who had ever come to the United States, and this opinion prevailed even when four of his officials were caught red-handed at spying, declared *personae non gratae,* and had to be recalled by Moscow. With his attractive wife, Ekaterina, he was a popular host at the embassy and in spite of his weak stomach consumed large platefuls of caviar, which he ate on black Russian bread, specially flown from Moscow.

In 1952 Panyushkin was recalled to Moscow. The official announcement said that he was to fill "an important post," but its character was not disclosed. Only months later did I learn that he had been put in charge of the Second Directorate of the secret service.

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Long before the outbreak of war in Korea in 1950, the Cheka had a large office in Seoul, where hundreds of Koreans were trained as agents. The North Korean political police was organized by the Cheka and not by the Chinese, so disliked by the Koreans that they would have preferred Japanese Communists to agents of Mao Tse-tung. There are, in fact, many Japanese agents in the Cheka's Far Eastern organization. After the American occupation of Japan in 1945, many Japanese Communists went to Vladivostok, were recruited by the Cheka, and sent to Moscow to receive training at the *Vostochnaya Akademiya* (Far East Academy) which in years past had produced some of the prominent Chinese Communist leaders.

The combination of intelligence work proper and espionage with the dissemination of subversive political propaganda persisted through all the reorganizations of the Cheka. It follows that although, for instance, a dock strike in Britain may be only of remote interest to the Soviet military intelligence—because it checks the flow of armaments to British bases abroad—the agents in Britain would be expected to exploit such a strike in the interest of political cold warfare.

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The organization of Soviet espionage in all countries is fundamentally the same but varies in its emphasis according to the view taken of the current position. The number of agents and the direction and extent of activity alter with the changing political situation.

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How an *Avanpost* Operates

Any picture of the organization of the *Avanpost* abroad must, therefore, be typical rather than exact in any given country at any given time. In some countries there is much greater emphasis on political intelligence, in others on military intelligence. In Guatemala, for instance, it would be absurd to have agents specially trained in securing armament secrets. But with few exceptions where circumstances make one or other group of secret agents superfluous, each outpost is organized into four groups, each of which is assigned definite tasks. Thus, a typical *Avanpost* consists of:

Group 1: political intelligence and national fifth-column activities; *Group 2:* scientific discoveries, atomic development, armament, and military intelligence; *Group 3:* economic intelligence and supply of materials; *Group 4:* special tasks and control of Soviet officials and agents abroad.

The tasks and targets assigned to the various *Groups* can be outlined in more detail as follows:

1. *Group 1* is composed mainly of political agents. Their chief task is to report on problems of government and administration, social conditions, the morale of the population, with a view to gauging the attitude and morale in war time, and the population's reaction to a Communist uprising. They pay special attention to the detailed organization of civil defense, evacuation plans, food supplies, transport, and public services. These agents organize and maintain contacts with the Com-

. . . "Only a fraction of the information which Tass correspondents abroad send to their head office in Moscow is ever printed. The greater part of their work consists in the gathering of military, political, and economic intelligence material."

munist and left-wing organizations in the country of their assignment.

When Major Andrei Gudkov was ordered to get details of Britain's latest jet aircraft, he approached an agent of *Group 1* to produce a Communist contact man who might be able to find an "innocent" with the necessary knowledge or facilities. Obviously a Soviet military attaché could not get in touch directly with an employee of an aircraft factory engaged on highly secret work, and the major, as a member of the Soviet Embassy, was forbidden to meet Communist Party members or even sympathizers. Hence an agent of *Group 1* had to be brought in as the middle man to establish the connection with the contact man, who in turn brought the "innocent" and the air attaché together.

Journalists as Spies

Many agents of *Group 1* go to foreign countries as journalists and correspondents of Soviet newspapers. Antonov, the head of this group in the Australian network exposed by Petrov, was the chief correspondent of Tass, the Soviet Telegraph Agency; and Petrov has told the Royal Commission that "all Tass journalists in Australia are spies." At the trial of the Swedish Enbom spy ring, it appeared that the Tass correspondent in Stockholm, Victor Annissimov, had been at least for some time the Resident Director of the entire Soviet organization in Sweden. When, in October, 1951, agents of the Federal Bureau of Investigation raided the Tass office in New York, much compromising material was found, and the Society of American newspaper editors declared that "the Tass office was an important Soviet intelligence outfit." This charge was corroborated in 1954 by the International Press Institute, the association of Western newspapermen, which has its headquarters in Zurich. In a report issued after a lengthy investigation in many Western capitals, the I.P.I. stated that "only a fraction of the information which Tass correspondents abroad send to their head office in Moscow is ever printed. The greater part of their work consists in the gathering of military, political, and economic intelligence material intended for various Soviet ministries and other departments."

The report stated that Tass correspondents were selected mainly for their political reliability and that their journalistic qualifications were of secondary importance. "The prospective Tass correspondents are selected by a committee of senior representatives of the Ministries of the Interior, Foreign Affairs, Foreign Trade, and the Praesidium of the Communist Party," it added, obviously referring to the "Selection Commission" *(Viborova Kommissya)*.

As press representatives these agents have access to the press galleries of parliaments, attend press conferences, and are often issued with press credentials enabling them to enter places normally not accessible to ordinary people. A liberal attitude toward the press in the West, and particularly in Britain, is traditional, and representatives of Tass are regularly invited to press tours through armament factories, airfields, and even atomic establishments.

Group 1 agents are instructed to have as many social contacts as possible, and if they purport to be journalists, their task of gathering or overhearing confidential information is made easier. Political journalists often receive off-the-record information or hints from official sources and may be told about secret decisions or actions of a government. The information is not for publication but naturally reporters discuss such matters freely among themselves. From such conversations and from "leaks" which are part and parcel of newspaper life in democratic countries Soviet secret agents gain vital knowledge.

2. *Group 2* agents have the task of learning about atomic development, armament production, and military problems. In the United States and Canada the Soviet secret service brought off the greatest coup of the century by getting the secrets of the atom bomb without being detected, as well as information about radar developments and proximity shells. In Australia Soviet agents have probably obtained information about the tests conducted at the Woomera range into guided rockets and missiles, and about the Montebello tests of new atomic weapons.

In Britain agents of this group have undoubtedly been given the task of planting spies in the various atomic-energy laboratories and production centers in Harwell, Cumberland, East Anglia, and Scotland.

These agents would attempt to infiltrate the Royal Air Force Establishment at Farnborough, the Royal Ordnance factories, and private arms plants. They would be ordered to get information from the Royal Dockyards and the great shipbuilding yards. Agents of this group, under instructions from the so-called military attachés, or by direct orders from Moscow received through the Resident Director in the country where they work, have to report on the deployment and equipment of forces with new weapons, the location of barracks, camps, and military installations.

Agents assigned to this group are selected from those who have received a thorough technical training. While it is not their task to examine in detail the information collected, they are required to know and understand what they are looking for, what they have received from informants, contact men, or traitors, and to recognize whether the material is genuine or—as it happens in some cases—faked by an informant hoping for payment, or "planted" by counterespionage agents.

* * *

"Economic" Espionage

3. *Group 3* also includes many specialists of a different kind. Among these agents are trained economists and men with knowledge of various industries. Many of them pass as members of Soviet trade delegations, although trade missions have also been used as "cover" for purely political or military spies. L. B. Khinchuk, who was chairman of the Soviet Trade Delegation in London, used his position to run arms to China, while Anatoli Yakovlev, under the cover of trade representation, "controlled" Dr. Klaus Fuchs, the atom spy, in the United States.

Economic and social conditions of a country, if intelligently evaluated, show Moscow whether that country could stand up to a sudden aggression or an atomic attack, whether its economic resources, its food production and supplies, its trans-

. . . "Communists have an insatiable thirst for biographical information. The autobiography is a standard part of 'brain-washing' methods"

port system, its industrial capacity, its manpower and productivity are resilient or otherwise.

These agents therefore collect information which normally appears only remotely connected with intelligence work. They examine reports of company meetings, balance sheets, the expenditure and revenue of the governments and local authorities, the statistics of industrial and agricultural output. They provide data on trends affecting markets in commodities, prices, profits, and wages. They are interested in steel and coal production, road-building, and the installation of new industrial plants. Standards of living, housing, and health conditions are observed and reported. All the details are examined by experts at the headquarters of the Soviet secret service and other departments in Moscow to provide a picture of a nation's readiness or inability to face a war, to evaluate its susceptibility to Communist influence. Strikes are of special interest and probably on many occasions the agents of this group are the only people who really know whether or not a strike is "Communist-inspired."

Agents of this group have other and less academic tasks. They are required to engage upon activities which more directly assist the vital economic interests of the Soviet Union in the period of cold war. They organize and control the smuggling of raw materials and industrial goods from Western countries to Russia.

Many things such as machine tools, motor vehicles, metallurgical, engineering, and electrical products, certain raw materials and minerals, including iron ore, steel, copper, tin, nickel, and rubber and, of course, every kind of armament, are included on the lists of "strategic goods" forbidden by most Western governments to be exported to the Soviet Union, China, and other countries behind the Iron Curtain. These restrictions have been agreed by the NATO partners or laid down by the United Nations following the outbreak of the Korean war. Britain lists some 150 items which may not be exported to the East and the United States bans almost every kind of export. But on an increasing scale during 1953 and 1954 large consignments of these goods, and even such "top-strategic" materials as tungsten and uranium have found their way through the Iron Curtain. Some of the transactions may have been carried out without appreciation of the ultimate destination of the goods, in other cases it has been a matter of putting profit before patriotism by industrialists and exporters in the West.

This industrial contraband is organized on a vast scale, as exposures of the Soviet smuggling rings have proved. The Soviet secret service had set up a number of centers and fronts for this purpose. The East-West Trade Association in Hamburg and the Institute of Economic Studies in Berlin have been exposed as such centers. The Institute, which occupied a large office building at the corner of Klosterstrasse and Friedrichstrasse in Berlin, carried out the contraband on businesslike lines and the Soviet secret agents who directed the transactions were certainly not less enterprising than the private enterprise merchants of the West. Even after the arrest of 35 agents of the single organization—its chief, Dr. Hans Hartig, committed suicide in his prison cell in Essen, after refusing to talk—it was apparent that only the fringe of the widespread conspiracy had been exposed, and the movement of contraband in war materials continues.

4. *Group 4* consists of the most skilled and most reliable and trustworthy agents of the Soviet secret service. Only a few agents of this group take their orders from the chief of the network or the Resident Director. Most are under direct control of the Second Directorate in Moscow to whom they report regularly on the private life of all Soviet citizens abroad and the diplomats of satellite countries, permanently under suspicion because of the many defections of officials asking for asylum as political refugees.

If the ambassador or any other embassy official attends a cocktail party, visits a theater, or goes to some official function whether in Washington, London, Ankara, or Buenos Aires, among the people at the reception or in the audience will be the secret agent assigned to spy on him. Usually these men are talked of as bodyguards, but more often they are the watch dogs of the Moscow masters and can make the lives of Soviet officials extremely uncomfortable.

Every Soviet football team, every athlete competing at an international sport event, Soviet scientists who attend a congress abroad, the Moscow Ballet giving performances in a Western capital, or a group of Soviet artists arriving for an international film festival are invariably accompanied by special agents of the Cheka or some of the resident secret agents of *Group 4* are detailed to look after their welfare on arrival.

* * *

Chapter IV

THE GREAT INDEX

ONE PART of the Soviet secret service organization deserves a chapter to itself. Communists have an insatiable thirst for biographical information. It is routine for members who aspire to Party office to be asked to write a full biography of themselves. This technique the Communists have adopted from the psychoanalyst, and the autobiography is a standard part of "brain-washing" methods.

"Get him to give all biographical details . . ." is a phrase we find recurring in orders to agents from the Moscow directors. They demand biographies not merely of the person immediately concerned but of his relatives, even his neighbors, friends, and associates at work. The mania for biographical information extends to directories and books of reference of all kinds. As the Royal Commission has shown in Australia, even hearsay and gossip are carefully gathered and recorded.

These data provide the raw material on which the greatest collection of personal files in the world feeds year in, year out. All intelligence and counterespionage organizations have their files, but none begins to approach that of Moscow's Central Index. The records of the Gestapo were extensive—Hitler stated that, provided he knew all about all men, he

. . . "Moscow's Central Index includes files on millions of foreigners who would be astonished to learn that the Soviet secret service knows even their names"

could pick the right ones and control any country. He proved it to some extent when selecting the Quislings and collaborators in Nazi-occupied Europe. But for size and completeness the Gestapo records could not compare with those of the Cheka.

• • •

From Stalin down to the most junior member, every Communist has had a neatly filed *zapiska* [dossier]. Among other things Stalin's file listed 17 of his aliases* in his early days and some of the data recorded was not flattering. Soon after Stalin became Secretary General of the Party, the file disappeared and was never replaced. But even men like Molotov, Vishinsky, Bulganin, Kaganovich, Mikoyan, and other rulers in the Kremlin of today cannot be certain that the Cheka has not records of incidents in their lives or remarks made privately which may one day be used in evidence against them. Much of such damning evidence against the Old Bolsheviks tried during the great purges came from the *zapiski* of the Index. The files are stored on eight floors, in hundreds of rooms, each secured by steel doors which open and shut electrically, in a big building northwest of the Kremlin. Thousands of steel cabinets hold the millions of yellow-backed files, each containing a word-picture and biography of a man or woman.

Who's in the Files

The Index had grown far beyond its original purpose of listing Communists, Soviet state functionaries, and a few thousand important foreign statesmen, politicians, trade unionists, and counterintelligence officials. Today it includes files on millions of foreigners who would be astonished to learn that the Soviet secret service knows even their names. But anyone who has ever been in a position to know the smallest official secret, anyone who has ever worked in a government office or on armament production, or come into the slightest contact with men from the other side of the Iron Curtain, socially or officially, or merely expressed in the hearing of a Communist agent a remark sympathetic to "the cause" or to Russia, may have his name on a file in one of the steel cabinets, with many particulars about his life, character, and work.

• • •

As an example of the use of the Index made by the Soviet secret service, we can take the first attempt made to obtain atomic information from the Radiation Laboratory of the University of California, as given in the "Report on Atomic Espionage" of the Committee of Un-American Activities of the House of Representatives in 1949. A woman went during the Spanish Civil War to Spain to meet her husband who had volunteered. On arrival she learned that her husband was dead. But she met another member of the International Brigade, Steve Nelson, a Communist long active in the U.S.A. who had risen to the rank of lieutenant colonel. Steve Nelson befriended the woman, and in due course she returned to the United States and married a leading U.S. physicist.

All this must have been duly recorded in the Index for, when the question of atomic espionage arose years later, Soviet agents were immediately instructed to approach the woman with the idea of "infiltrating" the laboratory in which her husband was working. The Index knew that the woman had married a volunteer in the International Brigade, had later married a physicist, and that this physicist had been engaged for work on the atomic bomb. In this case, as it turned out, the information from the Index was not as useful as it appeared, for both the woman and her husband were completely loyal, and the agent had to report that they were not sympathetic to Communism.

—European

JOSEPH STALIN

In Moscow's Central Index, his "file listed 17 of his aliases"

In the case of David Greenglass, the Index was more effective. As a boy of 16, Greenglass joined the Young Communist League of America, apparently by persuasion of his older sister. He seems to have been easygoing and like many other youths in due course "faded out," ceasing to attend Party meetings. Certainly he was no Communist when after America entered the war he was called up into the army. He was given technical training and in July, 1944, posted to the Manhattan District Project, code name of the Oak Ridge, Tennessee, atomic plant. Later on he was sent to Los Alamos, where the security arrangements were so strict that after some weeks during which he had made several pieces of apparatus from sketches presented by the scientists he had no idea what they were for.

But the Soviet secret service knew that Los Alamos was

*Name at birth: Joseph Vissarionovich Djugashivili. Known as: Joseph Besoshvili, Besov, Chizhikov, Ivanov, A. Ivanovich, David, K. Kato, Koba (after a hero of a Georgian legend), G. Nizheradze, Ryaboy, Soselo, Soso (diminutive of Joseph in Georgian), Oranness, Vartanovich, Totomyans, Vassilyi, Vassilyev, Stalin, J. V. Stalin.

. . . "Captain Nikolai Khokhlov of the MVD has stated that the Index Division had compiled complete lists of all 'White Russians' abroad, and that their movements are carefully watched and any change in their residence or working place noted"

concerned with making an atomic bomb. The rigid security made the chances of getting an agent into any vital department of the plant extremely remote. The only possibility was to find men within from whom information could be extracted. The Index was consulted. In due course the card of David Greenglass was turned up. It showed he had been a Young Communist but had given up through lack of enthusiasm. But it also showed that he was a good-natured youth, easily influenced, particularly by his sister Ethel, but also by his wife Ruth. It showed that Ethel had married Julius Rosenberg, an ardent Communist who had gone underground to do espionage and had already obtained important information on radar. The way was clear. Ethel had merely to use her influence with David and Ruth Greenglass. The Russian agent Yakovlev in New York got into contact with the Rosenbergs. The rest of the story is well known. The point to emphasize here, perhaps, is that neither Ethel nor Julius Rosenberg knew at first that David was engaged on work connected with the atomic bomb. Greenglass did not realize what he was engaged upon until the Rosenbergs told him and even then, being no scientist, he probably did not realize the exact significance of what he was doing. But the Index knew all and the apparently trivial information about a not very enthusiastic Young Communist, filed away years before, provided the key to the problem of cracking the security of the most closely guarded installation in the world.

Putting the Index to Work

The records of the Moscow Index on both Dr. Allan Nunn May and Klaus Fuchs were better than those of the security forces of the countries in which they worked. In the case of Nunn May no full confession was made and in this, the first of the atomic spy trials, at a time when great efforts were still being made to keep the good will of Russia, the minimum of facts were given in open court. But documents accepted by the Royal Commission show that early in 1945 Moscow sent the chief of the Canadian spy ring information about Nunn May which must have come from the Index. Colonel Zabotin sent Lieutenant Angelov, one of his staff, to see Nunn May at his apartment on Swail Avenue, Montreal. Dr. May himself recorded the incident thus, in his written statement: "I was contacted by an individual whose identity I decline to divulge. . . . He apparently knew I was employed by the Montreal laboratory and he sought information from me concerning atomic research. . . ." The knowledge that Nunn May was employed on atomic research in a Montreal Laboratory and might prove a willing tool came from Moscow, not from an agent in Canada. Moscow probably received from London a list of the scientists sent to North America and reference to the Index immediately showed the possibilities. What the Index recorded about Nunn May's activities and character we do not know, but the fact that Zabotin took the risk of sending directly to him one of his own staff instead of employing a go-between Canadian agent suggests he had been told by Moscow the contact would at least not result in Nunn May going to the police.

The name of Klaus Fuchs was undoubtedly in the Index, for he had been a member of the Kommunistischer Studenten Bund, a society of Communist students, at Kiel University before he emigrated to Britain. He does not appear to have played a prominent part in the society, and possibly little more than his name and age was recorded. But as soon as a message was received from a London agent years later saying that "One Fuchs had been in touch," Moscow turned to the Index and was able to verify his existence, confirm that he was not a "plant" by the British intelligence, and give the order to "develop" him as fully and as rapidly as possible. In the first instance Fuchs merely gave comparatively harmless information of his own and only later did he betray really secret information based on the work of colleagues. Fuchs himself suggested that this was a deliberate decision of his own, but in reality he was skillfully "developed" or even blackmailed. The Index having thrown up his early Communist connections, a hint that it would only be necessary for these to be communicated to the British to ruin him, would have been sufficient.

Congressmen on Moscow Records

The Index contains the names of thousands of men and women of complete integrity and loyalty, and two Canadian Army officers were "indexed" and even given code names on the strength of nothing more than normal politeness to Soviet diplomats. Documents submitted to the Australian Royal Commission contain the names of men and women there is no reason to believe have ever given the slightest sign of betraying their country. Two members of the Australian Federal Parliament, a member of the government party and a member of the opposition party in the Australian Federal Parliament, were listed simply because Soviet secret agents thought they might give away something without realizing it. The *zapiski* of many British politicians almost certainly record the fact that they may be "in-the-dark" sources of information. The list of members of the United States Congress, whose failing, real or supposed, in this direction is recorded in the Index is very much longer!

* * *

The Index, for obvious reasons, takes special note of refugees and emigrants. Captain Nikolai Khokhlov of the MVD has stated that the Index Division had compiled complete lists of all "White Russians" abroad, and that their movements are carefully watched and any change in their residence or working place noted. There is no doubt that the attempts to "infiltrate" free and anti-Communist organizations of emigrants is aimed at keeping the Index informed, with always the possibility that something may be turned up for use in blackmailing. The Index also explains how Soviet agents have been able to appear out of the blue at the doors of refugees—many of whom had changed their names and had lost all contact with their former homelands and their compatriots. I will describe some of these cases later. Here it will suffice to point out that these persons might never have been found if their data had not been included in the Moscow files.

According to Soviet officials who fled to the West and had some knowledge of the inside organization of the Central Index, more than 250 Cheka officials are employed on nothing else but keeping the Index up to date. Most of these em-

. . . "The publicly stated rank or position of an agent is no indication of his standing in the secret service. A man may be a second or a third secretary in an embassy but be under orders from the doorkeeper who in the Cheka is his superior"

ployees are women. Many are fluent in foreign languages, so that they can deal with material from foreign reference books or items culled from foreign newspapers, which are carefully scrutinized. A good proportion of the material comes from the Information Section of the First Directorate of the Cheka, which sifts the incoming general reports from secret agents and deals with everything written, spoken, broadcast, and published anywhere in the world, considered of value or interest for espionage work.

* * *

Chapter V

RECRUITMENT

THERE IS, of course, no such thing as open promotion in the ranks of secret agents. The publicly stated rank or position of an agent is no indication of his standing in the secret service. A man may be a second or a third secretary in an embassy but be under orders from the doorkeeper who in the Cheka is his superior. A chauffeur at the Ottawa embassy whose code name was "Chester" was actually Captain Gourshkov and another doorguard was Captain Galkin, both of higher rank and greater importance in the secret service than, for instance, Lieutenant Angelov on the staff of the Military Attaché whom he drove about and saluted in public. Lieutenant Gouseyev, a doorman at the embassy, made a trip to Vancouver to report on the Soviet agent doing naval intelligence work there and was very critical of his capacity. Goussarov, ostensibly second secretary, was in reality head of the political division in the embassy and his importance in the hierachy can be judged from the fact that he had in 1941 been assistant to Malenkov, then head of the Foreign Division of the Central Committee of the party. The Resident Director and head of the Soviet *Avanpost* in Sweden was the caretaker in the embassy, who in public bowed to the agents to whom in secret he gave orders.

Only about 12,000 of the estimated 240,000 to 250,000 fulltime agents are in higher grades. They are almost always men and women who have taken university degrees as well as the routine training for intelligence work, and they are required to be fluent in at least two foreign languages. It will be apparent from the methods of selecting them that agents are generally of "civil service" rather than the "cloak-and-dagger" type. A reporter commenting on Petrov's appearance when giving evidence before the Royal Commission in Australia wrote with surprise that "his tubby figure and pallid moon-face accentuated by horn-rimmed spectacles suggested an unsuccessful businessman cheerfully exculpating himself in a bankruptcy court."

* * *

Harry Gold, the courier in Yakovlev's atom spy ring in the United States, was born Henryk Golodnotzky, of Russian parents in Berne, before he emigrated to America. He had good university and technical education in the U.S.A. and was never, in the strict sense, a member of the Communist Party. But during the depression years he came under the influence of one Troy Niles, who "recruited" him. What appears to have happened in fact was that Niles, himself an agent under the control of the Soviet network based on the Amtorg Trading Company, was instructed to get information about technical industrial processes by befriending suitable technicians and interesting them in Russia. Niles appealed to Gold's sentiments. Here was Russia, a country of deserving men and women, being kept in poverty because the West would not share its technical secrets. What was the harm in giving the secret chemical processes from the factory where he worked—it happened to be a sugar factory—to help the starving Russians? Gold said that when he began espionage for the Soviet Union in 1935 he was fully aware of what he was doing. "I felt I was only helping the Soviet Union obtain information that I thought it was entitled to."

The next step was for Niles to introduce him outside Pennsylvania Station in New York City to "Paul Smith." Niles disappeared. Paul Smith, a Soviet agent of the top class, came straight to the point. Gold would not see Niles again. At the next meeting he would bring a detailed biographical sketch of himself. . . . Gold was "in the net" and for 14 years worked under a succession of Soviet superiors until the FBI who had long had suspicion without proof, were able to show he was the courier for Fuchs. Gold was sentenced to 30 years for espionage.

Gold's specialty was the theft of industrial chemical secrets, and for this purpose it was essential that he continue in employment. In fact, he did two jobs and for several years worked normal hours at his office and then did another eight hours, journeying from Philadelphia to New York, meeting his contact, and going back. For occasional assignments that took him to other cities he put in for short holidays from work, until in 1944 he was told he would have to give all his time to espionage. The Soviet spy ring required a technically equipped and very reliable courier to make contact with Fuchs. . . .

Gold was "developed" in the course of a few years after his recruitment as a sentimental idealist into a tough and skilled full-time secret agent, ready to take risks and to obey without questions the orders of his Soviet masters. Recruited as an amateur, he was turned into a professional. Another typical example is that of Sam Carr, known in Zabotin's Canadian spy ring as "Frank." He was born in Tomachpol in the Ukraine, and in 1924 emigrated at the age of 19 as an agricultural worker to Canada. The Royal Commission came to the conclusion that he was sent in the first instance with the idea of being developed into an agent, but Carr denied this. He entered Canada under his real name, Shmul Kogan, which he subsequently changed to Sam Cohen and Sam Carr. He became a member of the Young Communist League, and in 1929 went—or was summoned—to Moscow to take a course at the Lenin Institute.

Up to 1942 his activities seem to have been more in the field of political agitation than strict espionage. But when with the entry of the U.S.S.R. into the war, the party line was changed and agitation became less important than espionage, he was

. . . "The Communists are experts at taking up some generality such as 'abolishing atomic weapons' and slowly but certainly transferring the loyalty engendered by this cause to sympathy with the Communists and, in due course, to the U.S.S.R. itself"

ordered to devote himself to organizing a group—the Ottawa-Toronto Group—under orders from a Cheka agent at the Ottawa embassy. The documents concerning him, brought out by Gouzenko, suggested he specialized in espionage in political and economic matters—discovering methods of illegal entry, forging passports, and so on.

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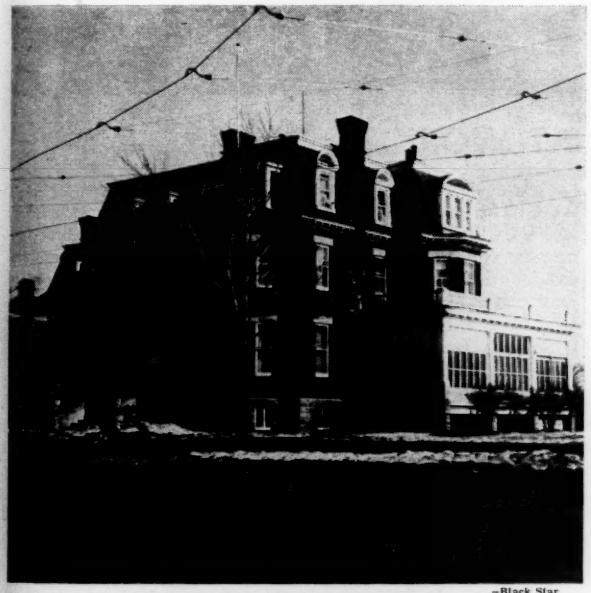
The amateurs, because they are also traitors to their country, have attracted most attention. The methods of recruiting are much more varied and subtly adapted to individual cases. In these cases the Soviet secret service is seeking not so much



—Black Star

RUSSIAN EMBASSY IN OTTAWA
"The Soviet Embassy . . . was the center of a spy net"

skilled agents as men and women who by virtue of their position or work are able to provide secret information from their own knowledge or able to steal it. They are not looking for skilled spies or even men and women able to assess the meaning of the information they secure, but simply men and women who can be developed to the point where they will make considerable efforts and take risks to get the information ordered. Especially in recent years these men and women have not always been recruited from members of the Communist parties, but they have almost invariably been recruited *by* members of the Communist Party in the country concerned.

The prerequisite is that the potential recruit has "sympathy with, or a susceptibility to the Communist ideology," but "the methods of approach vary with the person and with the positions." The known and active Communist was never recruited to spy, although, as in the case of Whittaker Chambers, he might be recruited and sent underground to organize espionage by others. It is worth noting that Norman Veall of Montreal, membership secretary of the Canadian Association of Scientific Workers, on the face of it promising material for recruiting, was rejected by Moscow because "many already call him a Red." In fact, there is no evidence that Veall communicated secret information and Veall himself, although he "would not be offended if anyone called him a Red," said he would not have given information if asked. The point was that Moscow rejected him, almost with alarm—"Warn Alek [Nunn May] that he should have no conversations whatever with him about our work"—just because he was known for his outspoken political opinions.

The ways of recruiting are very varied, the contacts being made chiefly through fronts of various kinds. We can list just three of them.

1. There exist in every country societies sponsored directly or indirectly by the U.S.S.R. or its satellites for almost every subject relating to "culture." Films, ballet, pictures, books, all provide possibilities of making contacts with would-be intellectuals who may have left-wing leanings.

2. Supposedly international associations or unions which provide opportunities for contacts with professional (especially scientific) and technical trained men and women. Such an organization was the Canadian Association of Scientific Workers.

3. Meetings and organizations whose ostensible purpose is furthering some great ideal, such as fighting the color bar, seeking world peace, securing disarmament, encouraging East-West trade.

There are millions of people, most of them political innocents where Communism is concerned, who are genuine idealists and enthusiastic about "causes" such as these. The cause is always a good one, so general that no one can disagree. The Communists are experts at taking up some generality such as "abolishing atomic weapons" and slowly but certainly transferring the loyalty engendered by this cause to sympathy with the Communists because they apparently support it and, in due course, to the U.S.S.R. itself.

Red Cells: The "Study Groups"

The next step after contact is to get the prospective recruit into a cell—to him it is a "study group." In the cell he is watched, tested, and conditioned without being aware of it. This preliminary period in a cell is extremely important, from the Soviet point of view, for it amounts to training and education in new loyalties without the prospective recruit being aware of it. The "instructors" are good psychologists and making psychological reports on prospective recruits is part of the routine duty of the experienced Communist in charge of the cell. From the first, emphasis is laid on secrecy although, in fact, except in the few countries where there is restriction on the freedom of meeting and publication, the activities in the cells are generally perfectly legal. Thus the literature that is handed out is probably not legally seditious, but members of the cells are advised to hide it. They could hand it to a policeman and he would not even be mildly interested, but they are urged to secrete it. They are told not to mention the subjects of discussion or their membership of the study circle at their

. . . "The new generation of Soviet agents has been trained as specialists. The individual agent is not required to know something about everything but to apply himself to certain limited tasks"

place of work or even to their friends, although probably the effect of doing so, at any rate in Britain, would be to excite derision rather than suspicion. The atmosphere of conspiracy is thus built up, even before the newcomer has entered a conspiracy. How skillfully this is done is shown in the case of a document relating to the Research Group in Ottawa, composed of intelligent scientists. *Before* they had engaged in any espionage or illegal activity at all, their leader and organizer was reporting to the Cheka Director as follows:

> They already feel the need for maintaining a very high degree of security and taking abnormal precautions at their normal meetings (about one in two weeks), since they are definitely not labeled with any political affiliation. One or two have even opposed the introduction of a new member to our group on the grounds that it would endanger their own security.

Before a few more weeks had passed, the scientists had been recruited and were busily engaged in actual espionage. The study group had become a spy nest. One great advantage of this system of recruiting through cells is that a feeling of solidarity is created, so that even if eventually pressure to engage in spying is resisted, the man concerned will not give away his colleagues, who have yielded. How effective is this false loyalty is easy to demonstrate. Hundreds, even thousands of men and women enter the study groups every year. A proportion certainly refuse to engage in espionage. But how many have, when the suggestion to become an agent or secret informant has been made, gone to the police? The answer is, as far as I know, only very few. Certainly there was no one in Canada, a fact which staggered the Royal Commission.

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Chapter VI

SOVIET SPIES AT WORK

WHATEVER THE NUMBER and size of the local networks, the Resident Directors of the *Avanposts* wield only limited powers. Control remains in Moscow. Captured documents show how detailed is this control and how few important decisions, not merely about targets but also about techniques, are taken locally. Even at the highest level, local agents are conscious of Moscow looking constantly over their shoulders. A Resident Director who directs two or three networks knows that there may well be one or more parallel networks in the same country, of whose existence and activities he has not been officially informed by the Moscow headquarters.

There have been cases where agents of two networks pursuing the same target and getting into each other's way, caused confusion and endangered the whole *Avanpost*. All this shows that there is division even at the top, but we should be rash to ascribe it to poor planning. The purpose of the divided control is to limit damage in the case of exposure or defection.

Although it is the postwar cases of [Igor] Gouzenko and Petrov that have attracted attention, there were a number of other cases of defection by important agents of the Resident Director class before the war, including Major General Krivitzky, G. S. Agabekov (the Resident Director in Turkey), Nicolai Orlov, and others, who turned over important material. Defections and periodical conflicts between the various networks, as the result of ignorance of each other's activities or sometimes because of personal jealousy, led the Cheka to introducing visiting inspectors, who from time to time conduct inquiries into the work of the Resident Directors and the agents subordinated to them. These inspectors are high Cheka officials, sometimes the deputy chiefs of the *Otdyels*, and they are given wide powers. They look into the relations between the local headquarters of the *Avanpost* and networks on one hand, and the Communist parties and fifth-column organizations on the other. They have power to pull up not only the secret agents but also the leaders and members of the Central Executive Committees of the "national" parties. There have been occasions when inspectors from Moscow have divested Communist leaders of their posts, notably in France and Italy, during recent years. When they are sent from Moscow to conduct an inquiry into the relations between the Communist parties and the *Avanposts*, they are usually called "instructors."

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Soviet secret agents abroad have a variety of targets ranging from "work for the decomposition of the ruling capitalist classes" with the aid of local Communist Party organizations, to tasks of military or industrial espionage. In recent years the service has abandoned the old tradition of the Comintern which believed that a secret agent should at one and the same time act as an instrument for world revolution, an organizer of subversive propaganda, and an expert in armament developments. As I have shown, the new generation of Soviet agents has been trained as specialists. The individual agent is not required to know something about everything but to apply himself to certain limited and clearly defined tasks.

This has involved establishing a highly centralized and bureaucratic organization for control. A mountain of paper accumulates in each local headquarters and passes between it and Moscow, with each order or report given its reference numbers. The systematic use of embassies, trade mission offices, and other places with extra-territorial rights makes this safe—except in the case of defection—and all written instructions outside the embassies are marked *Burn after memorizing* or similarly. All assignments are made in writing, whether they concern technical details or general instructions and, at least in some cases, it appears to be routine for copies of instructions to local agents to be sent back to Moscow. The standardized forms if not actually printed in Moscow are certainly decided upon there. Every detail is methodically and painstakingly recorded in writing, sometimes two and three times over. It is not merely a question of recording information given, but of the exact time and place of every meeting and even the weather at the time. For instance, in the Canadian dossier of Durnford Smith against a meeting on August 25, 1945, was found the remark: "Was a torrential

. . . "The great amount of paper work of all kinds partly explains the huge number of agents employed by the Soviet secret service abroad. It conjures up a picture of clerks industriously scratching rather than that of cloak-and-dagger spies of fiction"

downpour but he never theless came. Gave instructions not to come in the future in such weather; it is not natural."

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Documents brought out by Gouzenko, Petrov, and other Soviet agents who defected, as well as material which had come into the possession of Western counterintelligence by other means, suggest the mountains of paper that accumulate in the many spy centers abroad and subsequently at the headquarters of the Moscow directorates. When after the Petrov incident Moscow broke off diplomatic relations with Australia, huge fires were burning for 24 hours in the Soviet Embassy at Canberra. Even so, tons of paper were carried away in diplomatic bags to Moscow when Ambassador Generalov and his staff left for home. All this paper work is done in addition to messages regularly conveyed by cables, couriers, micro-films, and radio links.

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"Trifling Details" Go to Moscow

The great amount of paper work of all kinds partly explains the huge number of agents employed by the Soviet secret service abroad and the swollen staffs of Soviet embassies, consulates, and trade missions. It conjures up a picture of clerks industriously scratching rather than that of cloak-and-dagger spies of fiction. More than anything it shows how little is left to individual initiative of the agents, and how the Moscow Directors insist on being informed about the most trifling details.

The habit of putting everything in writing is impressed on the *novators* who, from the first, when they are still innocents and engaged in apparently harmless discussions in the study groups, are encouraged to write and hand in reports to their discussion leaders, or instructors. By the time they have become fully fledged spies, writing in minute details has become an ingrained habit.

When in 1952 the French authorities carried out a number of raids at the espionage centers in Paris, Lyons, Toulon, and other towns, hundreds of files containing copies of reports which had been sent to Moscow were seized, revealing many of the activities of the networks. Again, in Sweden in 1951 and 1952, much compromising material was captured because the Soviet agent left in their possession copies and notes showing the details of information they had supplied to Moscow. As a result of these dangerous setbacks the Soviet secret service began making greater use of micro-photograph for documents and considerably elaborating the methods for passing instructions with the idea of limiting damage. Petrov told the Australian Royal Commission that messages relating to Cheka espionage came and went from Moscow on undeveloped film wrapped in lightproof paper which if opened in the light would be destroyed. He developed the film himself and burned the negative after he had made a print. The more recent instructions from Moscow were to destroy all correspondence after one year, but this destruction could be carried out only with Moscow's approval. Sometimes Moscow sent instructions to destroy a message as soon as it had been read, in which case extracts were made and placed in the safe. Names and addresses of contacts, possible recruits, and so on were photographed on inflammable negatives and kept in a safe. Whenever a document was destroyed, the Resident Director had to send Moscow a certificate that he had done so.

Moscow had learned the lesson from the Gouzenko case. The most revealing documents brought out by Gouzenko were pages from his chief's notebook which he had been ordered to burn but had kept intact. No doubt Zabotin on his return made the excuse that he had ordered the documents to be burned. Now in the event of any document supposedly burned being found, Moscow has in writing a certificate which squarely puts the blame on one person. But that the system even now is by no means defection-proof is shown by the fact that Petrov was able to hand to the Australian government letters received from Moscow as far back as 1952. This correspondence should have been destroyed, and Petrov before deserting sent Moscow certificates that they had been destroyed. That probably accounted for Moscow's confident assertion in a note that no documents were missing from the Canberra embassy and that therefore any that Petrov brought out must be forgeries! Petrov was not able to bring out any copies of outgoing messages to Moscow because of a new routine introduced during the last few years. All outgoing letters are first typed and then micro-photographed, the undeveloped film being sent by courier to Moscow. Immediately on its receipt Moscow sends a message and the original typed letters are destroyed, only vital extracts being retained.

"The Fear of Discovery"

Another strong impression given by the Soviet secret service at work is the all-pervading fear of discovery. The first duty of a secret service agent is to remain undetected and it is natural that men themselves engaged in espionage should be suspicious of everyone else. But in the case of the Soviet secret service this amounts almost to a mania and results in techniques and activities that seem more in place in a boys' adventure story than in real life. Coupled with the agents' long training in rigidly obeying orders and lack of training in initiative, it has sometimes resulted in even experienced Soviet agents panicking in a way which was itself dangerous. Thus when, in 1947, at a meeting with Yakovlev, Gold mentioned quite casually he was working with Abe Brothman's firm, the Russian "almost went through the roof of the saloon." He called Gold a fool and said he had spoiled 11 years' work because the U. S. government suspected Brothman of being engaged in espionage. "Yakovlev threw down on the table, in the bar, where we were sitting, an amount of money that was about two or three times the actual cost of the drinks which we had had," Gold said, "and he dashed out of the place. I walked along with him for a while, and he kept mumbling that I had created terrible damage and that he didn't know whether it could be repaired or not."

In Washington Colonel Bykov panicked at the unexpected in the same way, according to Whittaker Chambers, and assumed the most casual passer-by was an FBI operator. This weakness of men taught to obey and not to act on their own initiative is one which Western counterintelligence organizations keep in mind.

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(Continued on page 136)

. . . "Although certain basic principles run through the techniques of communication between agents, an immense variety of methods is employed. Men who had defected or had been arrested have been unable to give more than a limited amount of information because of the elaborate system the Soviet secret service maintains"

The whole complex business of contacts and meetings is perhaps best illustrated by a few more examples. Harry Gold giving evidence in the trial of the Rosenbergs told the court:

> My duties were to obtain information from a number of sources in America and to transfer this information to Yakovlev. The meetings with the sources of information in America were effected in two ways: first, it could be a personal introduction; secondly, there was an introduction which was effected only between the American contact and myself and was effected by a series of recognition signals. These signals included at least two features: one of them was that there was always an object or a piece of paper involved, on one part or the other, or possibly on both parts; that is the other person and myself. In addition there was a code phrase used and this phrase was usually in the form of a greeting. In all cases when I introduced myself I used a false name, and in all cases I never indicated my true place of residence.

A Tennis-Ball Signal

The recognition signals used [redacted]om occasion to occasion. At his first meeting Dr. Klaus Fuchs carried a tennis ball, Gold gloves and a book. The arrangement for contacting Nunn May in London included "the piece of paper" referred to by Gold. Dr. Nunn May was told to carry a copy of *The Times* under his left arm, his contact man an issue of *Picture Post* in his left hand. The code phrases they had to exchange were to be: "What is the shortest way to the Strand?" and the answer: "Well, come along—I am going that way!" The time and place was carefully specified: "Twenty o'clock on October 7, in front of the British Museum in London, in Great Russell Street, at the opposite side of the street, about Museum Street, from the side of Tottenham Court Road, the contact man from the opposite side—Southampton Row."

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At one time Soviet agents favored using public libraries, where they marked reference books according to a prearranged code to be read hours or days later by another person. This method seems to have been abandoned after some exposures, although in the nature of things it is impossible for the counterintelligence to scrutinize all the millions of books in the public libraries of great cities like London or New York. And yet, one spy was caught in the last war as a result of an intelligent reader being puzzled by underlinings of letters and words in a directory and communicating with counterintelligence.

In describing Soviet espionage to the Canadian Royal Commission, Gouzenko said:

> They would not use just one method; they used a combination of all methods. They are always saying never to put all your aspirations and hopes on one method. They say that life is very complicated, so use everything possible. They would combine this method of infiltration, outside help, sympathizers, and others . . .

Examining the records of Soviet secret agents at work, we have plenty of evidence of the great variety of their methods and techniques. At one and the same time they would be trying an ideological approach, persuasion, bribery, and even straight burglary. We have attempts at direct observation by agents going round the country under the guise of helping immigrants, and of blackmail, eavesdropping, and infiltration.

In the same way, although certain basic principles run through the techniques of communication between agents, an immense variety of methods is employed. Some of them seem quite unnecessarily complicated, others are well worn even in fictional spy stories. But they are used because they are successful. . . .

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Even when they wished to assist, men who had defected or had been arrested have been unable to give more than a limited amount of information because of the elaborate system the Soviet secret service maintains. Fuchs was unable to identify the courier in the United States who had met him a number of times or, indeed, to give any real clue to his identity, and it was, in the end, only a combination of dogged persistence and one mistake made by Gold that enabled the FBI to bring home a case against him and unravel some of the tangled skein of his network which included Greenglass and the Rosenbergs. Fuchs was not able to identify the courier who met him in England after his return from the United States. Even with Gouzenko's "gift from the gods" of a pile of documents, the Canadian authorities after intense work lasting six months were able to identify and arrest only some of those in the network for which Gouzenko was cipher clerk. Other networks known to exist continued to operate and have never been unmasked.

The use of code names in Zabotin's exposed network was extremely effective in at least delaying identification so long that some were able to escape.

The Mysterious Greek

It was not until January, 1953, almost eight years after the exposure of the atomic spy rings in Canada and the United States, that Montreal police discovered by chance that at least one "parallel" network continued its activities in Canada quite undisturbed, when members of the Zabotin network stood trial. On January 5, 1953, a 60-year-old native of Greece, Constantin Stathapoulus, who had lived in Canada since 1927, was found dead in his home in Montreal. He had died after a long illness and there was no suggestion of foul play. In a well-hidden cache were found steel boxes containing hundreds of documents, which the head of the antisubversive division of the Canadian police, Mr. Louis Champagne, described as "the most important collection of espionage documents found in Montreal." Notebooks containing references to several persons involved in the Canadian spy ring, as well as to Fuchs, were found. Almost all the records and notes were written in code, based on the Greek language, and cipher experts were unable to decipher all the documents. But from such information as they could piece together, it became clear that Stathapoulus had in his possession part of the archives of a Soviet espionage network which was quite independent from that of Zabotin's, but which had pursued at least some "targets" related to atomic espionage. The authorities then discovered that the dead man had been involved in espionage activities under the alias of "Costapoulus" and "Costa," and that the police had been looking for him for three years.

. . . "Another characteristic of the Soviet secret service in action is its generous expenditure. It has never had to worry about money, like the secret services of democratic countries"

The methods which keep the many Soviet agents as apart from each other as possible, have provided many unsolved—and apparently insoluble—puzzles for Western counterintelligence. To give only one example: In June, 1953, detectives of Scotland Yard's Special Branch arrested a man who in November, 1952, had come to lodge in a modest guest house in the Pimlico area of London. To the managers he gave his name as Dr. Geoffrey Noble, mentioned that he was 34 years old and that he was a postgraduate research worker. He never received visitors and was a most agreeable and quiet tenant. Then, almost eight months after his arrival, detectives inquired at the guest house after a Mr. Colin Ward, and from the descriptions given they identified Dr. Noble as the wanted man. He was taken to the Gerald Road police station, Westminster. Twelve hours later he was found hanged in his cell.

The man was arrested because Scotland Yard and M.I.5 had been informed from abroad that an important Soviet agent had entered Britain in November of 1952. They found the man who fitted the description eight months later. In his room at the guest house they also found four British passports. They were all genuine and all bore the photographs of the arrested man. But in one of the photographs he wore spectacles, in a second he was almost bald, in the third he had a full head of hair. The passports had been issued by various British authorities in the names of Dr. Noble, Ward, and Morris. When he was arrested, he refused to make any statement. Before he could be interrogated by M.I.5 officers, he had committed suicide. He was never identified, and although he spoke English without a trace of a foreign accent, Scotland Yard were wondering whether the dead man was, in fact, a native of Britain. His activities during his eight months' stay in Britain remained shrouded in mystery.

Another characteristic of the Soviet secret service in action is its generous expenditure. It has never had to worry about money, like the secret services of democratic countries. In Britain there is an annual vote in the House of Commons for the Secret Service, and while this is traditionally passed without debate in detail, it is certain that questions would be asked if the sum demanded were a very large one. More important, the strict system of controlling in detail the expenditure of all government departments in Britain and the U.S.A. means it is impossible to hide large sums spent on secret service in other appropriations. But this is certainly done in the U.S.S.R., where the secret service has not been under pressure to economize for three decades but has spent lavishly, quite apart from the many millions required to pay the salaries of its legions of agents.

At the trials of the discovered traitor spies, their defending counsel have almost invariably suggested in mitigation, "at least they did not do it for money," and generally this has been accepted by the court and the public. It may be true that in most cases money was not the original or even the main motive for treachery, but examination of the figures suggests the sums paid by the Cheka were too large to be dismissed as "not mattering," and small only in relation to the value of the secrets they purchased. Moreover, there can never be conclusive evidence that the sums which came to light were the only ones paid. We find Greenglass getting $500 in one lump sum and later being handed ten times this sum to facilitate his escape as if it were of no great moment. Sam Carr was authorized to receive $3000 for a faked passport—he asked $5000 but this was refused by Moscow. Carr seems to have been paid $200 a month. Whittaker Chambers, when he went underground, was given money to buy "bourgeois" clothes and received $100 a month and expenses, a useful salary 20 years ago. In most cases the Cheka was dealing with men prepared to make sacrifices and probably not earning more before recruitment. Alfred Dean Slack, one of the men from whom Gold collected information and who was sentenced to 15 years, received $200 for each report. With the depreciation of money the prices the Soviet secret service has been prepared to pay have gone up—Petrov has spoken of making payments of up to £500 [$1,400] for a single piece of information.

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All the sums we know about came to light accidentally, so to speak, and must represent only a small fraction of the real total.

It is a basic routine of agents of the Soviet secret service, when dealing with an amateur, to make him accept money as soon as possible. The key is given in Bykov's cynical remark: "Who pays is the boss and who takes the money must also give something." It seems to be standard practice not to demand a receipt on the first occasion, but to get one later, not so much as a matter of accounting to Moscow as a powerful weapon of blackmail in the event of reluctance to undertake a particular piece of work. The reaction to the offer of money by informants recruited by ideological appeal varies from "taking it readily" to being genuinely "insulted" that they should be offered a reward for work they were doing because of their ideals. In these cases the Russians have sometimes given a "present." The Rosenbergs received watches and a console table, and it will be recalled that a "reward rug" figured extensively in the Alger Hiss trial—one of four bought for the purpose for $1000.

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Chapter VII

THE ATOMIC SPY RINGS

THE THEFT by Soviet secret agents of the most carefully guarded secrets of the atom bomb as revealed at the trial of Dr. Nunn May, Klaus Fuchs, and Julius and Ethel Rosenberg has been reported and discussed so often during the last few years that the story hardly requires retelling in detail. But the emphasis has always been on the "traitors" rather than those who used them and it is worth while considering—from the viewpoint of the Soviet secret service—the events that, as Judge Kauffman told the Rosenbergs, "have already altered the course of history."

At the time war broke out in 1939 there was no secret about the potentialities of atomic fission as a military weapon. They

. . . "The targets of the Soviet secret service are based on the Communist doctrine that all capitalist countries are 'enemies' whether or not, at the moment, there is an alliance with one or more of them for a particular purpose"

had been freely discussed by physicists for more than a decade. The rulers in the Kremlin were briefed by brilliant scientists, including Professor Peter Kapitza who had worked for many years under Lord Rutherford at the Cavendish Laboratory, Cambridge, but never returned from Russia after a visit in 1935. Stalin must have been no less aware of the possibilities than the war leaders in the West.

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There was never any simple question of the U.S.S.R. needing the "secrets" of the atomic bomb to win the war against Germany or Japan, as the "traitors" suggested. Given every piece of information as it became available to Allied research workers, the Soviet Union could not have built atomic weapons before the war ended. The object of the intense military espionage organized by the U.S.S.R. on her allies was to strengthen her position in the years immediately after the defeat of Germany and Japan, both by constructing atomic weapons and by being able to gauge the defensive strength of those who opposed her. The allies of the U.S.S.R. for their part considered there was no purpose in giving the U.S.S.R. information which she could not use during the war but which, if it had "leaked" to Germany or Japan, would have put the "Great Alliance" in mortal danger. The U.S.S.R. did not declare war on Japan until August 8, 1945, a few days before the end, and Japanese diplomats and spies remained in the Soviet Union throughout the war with Germany.

The targets of the Soviet secret service are based on the Communist doctrine that all capitalist countries are "enemies" whether or not, at the moment, there is an alliance with one or more of them for a particular purpose. To the Soviet Union the Western Powers remained "enemies" in that sense even during the wartime alliance with Britain and the U.S.A., and the tasks assigned to the Soviet secret service were, therefore, by no means limited to atomic research and production. The documents handed over by Gouzenko show that Moscow was interested not merely in the "how" of the atomic bomb, but also in the "how many." The purpose was not simply to steal technical secrets to save research, although this was a welcome by-product of espionage, but to get knowledge of the probable quantity of production, which would be a measure of Western strength *after the defeat of Germany*. Thus a Moscow cable ten weeks after the surrender of Germany ordered Zabotin: "Try to get from him [i.e., Nunn May] before departure detailed information on the progress of the work on uranium. . . ." And ten days later Zabotin was able to cable, "To the Directors; Facts given by Alek," which included the rate of production of U.235 at the magnetic separation plant at Clinton (400 grams daily). From this the Soviet scientists probably had no difficulty in estimating the number of atomic bombs that could be produced. Russia was already in possession of the "secrets" of the atomic bomb, thanks to the cooperation of Fuchs, Greenglass, and the Rosenbergs. The instructions to Zabotin make more sense if full note is taken of the fact that Moscow was seeking to assess the potential production.

U. S. Uranium to Russia

On what date the Soviet secret service learned of the Western atomic program it is impossible to state exactly. It was not later than 1943. One of the charges to which Fuchs pleaded guilty was "giving information in 1943 in the City of Birmingham," so that certainly in that year the Soviet secret service knew what the world, including Germany, did not learn until August, 1945—that Britain had decided on an ambitious program of atomic research. The date was probably earlier. In January, 1943, the Soviet Purchasing Commission in the U.S.A. made requests to the Lend-Lease Administration for shipments of uranium and uranium compounds. Uranium had long been used in color ceramics, photography, and as an analytical agent, but the large amounts asked for by the U.S.S.R. at that time, with requests for heavy water, might well have aroused suspicion. The U. S. Joint Committee on Atomic Energy which after the war went very fully into the matter found that in 1943 and 1944 there were two shipments to the U.S.S.R. of 1420 pounds of uranium salts and one shipment of 2.2 pounds of uranium metal, together with 1100 grams of heavy water. All this was quite legal, with the consent of all the necessary agencies.

The official view seems to have been that suddenly to have forbidden all such shipments would have aroused Russian interest and been more dangerous to security than to supply the materials. In fact some of the requests of the Soviet Purchasing Committee were refused, the excuse of "unavailability" being given. The records show that in April, 1943, the Soviet Purchasing Committee protested about these refusals when they discovered that the materials existed in the U.S.A. The uranium products could be used as the Russians suggested for alloys, and it is pointless to indulge in hindsight, but reading the reports and documents when they became available seven years later, we may wonder whether there was not complacency on the part of the authorities in their firm belief that the atomic program was a secret in 1942.

The Death of Zhdanov

An "Atomic Division" was formed by the Soviet government and Soviet scientists with the necessary specialist qualifications were harnessed to the task of framing technical questions to be answered by Soviet agents in Britain and America, and of assessing the significance of the information received from them. The scientific team included Professors Kapitza, Alekhanow, Ilyin, Kurchaev, and Academician Lebedev. The Cheka and Beria were preoccupied with wartime intelligence work, directing a large number of centers in Germany, Japan, and the neutral countries. The over-all control of the atomic espionage was given to Andrei Alexandrovich Zhdanov who, since Kirov's mysterious death in 1934, had become Stalin's closest friend and confidant. Zhdanov had studied natural science and, as Colonel General of the Red Army and member of the Supreme Military Soviet in the war, was fully aware of the strategic implications of atomic weapons. Undoubtedly, Beria was envious of Zhdanov, both because of Stalin's friendship for him and because he was given this atomic assignment. The sudden death of Zhdanov on August 30, 1948, at the age of 52 from the heart failure—which had become an occupational disease of the Kremlin—has never been fully explained but was the key to Malenkov's rise.

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Although it was espionage concerned with "atomic secrets" which attracted all the headlines after the exposure of the

. . . "The Canadian and United States atomic espionage efforts were separate, but investigations have shown tenuous connections which, if they had been followed, would have produced a trail leading from one network to the other"

Canadian spy ring, in fact the Soviet secret service devoted most of its resources in North America to general military, political, and economic espionage. The efforts to secure agents in government, army, navy, and air force organizations, who could know nothing about the atomic bomb, were as great as the efforts to subvert scientists in the laboratories. The Atomic Division cooperated with agents of all the Soviet intelligence departments—those of the Cheka, the "Fourth Bureau" of the General Staff, and the Commissariats for Foreign Affairs and Foreign Trade.

Even at a time when Nunn May ("Alek") was supplying unique atomic information, he was being pressed about his knowledge of the proximity fuse about which he could have had no specialized knowledge or firsthand information. Telegram 242, dated 7.9.45 from Zabotin ("Grant") to Moscow, read:

> To the Director. On our task Alek has reported brief data concerning electronic shells. In particular these are being used by the American Navy against Japanese suicide flyers. There is in the shell a small radio transmitter with one electronic tube and it is fed by dry batteries. The body of the shell is the antenna. The bomb explodes in the proximity of an airplane from the action of the reflected waves from the airplane on the transmitter. The basic difficulties were: the preparation of a tube and batteries which could withstand the discharge of the shell and the determination of a rotation speed of the shell which would not require special adaptation in the preparation of the shell. The Americans have achieved this result, but apparently have not handed this over to the English. The Americans have used a plastic covering for the battery which withstands the force of pressure during the motion of the shell—Grant.

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When the development of the atomic weapon was moved across the Atlantic, Moscow began to make important changes in the local direction of the spy rings in North America. In Canada and the United States the Soviet secret service had operated continuously for nearly 20 years. In the United States Jacob Golos, among a number of agents, had been particularly active and successful for at least a decade. In Canada the Royal Commission found that "two of the most active persons in this organization were Fred Rose, born in Lublin, Poland, and Sam Carr, born Kogan or Cohen in Tomachpol, Ukraine," who had been active for many years. The Canadian organization was put on a "war footing" in 1942 when Major Sokolov was sent from Moscow. He was directed by "Molier," identified as Mikhailov of the Soviet Consulate in New York, visiting Canada ostensibly in connection with the Canadian Mutual Aid Program to the U.S.S.R. As director of military espionage Moscow sent Sergei N. Koudrivtzev in the guise of first secretary of the legation, later to become an embassy. Sokolov took his orders from him until in June, 1943. Moscow sent Colonel Zabotin to expand the organization, obviously with the knowledge that Canada was to play an important part in the atomic program.

Espionage by Diplomacy

In his black, silver-trimmed uniform, Zabotin cut a dash at diplomatic gatherings and was well known for his vodka and caviar parties and ability to hold his liquor. These diplomatic gatherings served the double purpose of acting as "cover" and offering opportunities for making new contacts. But his most effective work was done through the old hands, Fred Rose, the Canadian Communist ("Labor Progressive") M. P. and Sam Carr. Rose recommended Lunan, editor of the military journal *Canadian Affairs*. Although not himself a scientist, Lunan was well placed to recruit or recommend experts. Through Lunan, Zabotin's assistant Rogov arranged a cell of scientists and thus the network was quickly expanded. Zabotin's notebook showed that through Rose he "inherited" Professor Raymond Boyer of McGill University, an authority on explosives, who actually devised a new way of manufacturing the explosive RDX. . . .

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Allan Nunn May was not part of the Canadian network but was contacted by Zabotin's Lieutenant Angelov on orders from Moscow. The Royal Commission reported that Nunn May "had been contacted not long after his arrival in Canada." The documents suggest that although Nunn May went to Canada in 1943, he was not used until early in 1945. Even at this time, thanks to successes in the U.S.A., the Soviet secret service knew a good deal about atomic research and the construction of the bomb. Lieutenant Angelov revealed this indirectly by the technical questions he asked Nunn May. "He made specific requests for information which were just nonsense to me—I mean by this that they were difficult for me to comprehend," said Dr. Nunn May's statement. In other words, the Soviet scientists at this time knew more than one of the leading British physicists engaged in the program! The position was remedied, no doubt on the suggestion of Angelov, by Dr. Nunn May going on visits to one of the U. S. centers where the most secret work was in progress.

Spies in U.S.: "Richer Results"

The networks in the United States yielded richer results not because the agents there were more efficient or the traitors more willing, but because more information was available and because the New York organization had been given at least one informer and found another actually working in the place where the bomb was taking shape. One was Klaus Fuchs, who knew a great deal and was enthusiastic to pass it on. The other was David Greenglass, a comparatively minor technician at Los Alamos, no enthusiast and not very clever, but keen to earn money and easily developed.

In theory and organization the Canadian and United States atomic espionage efforts were separate, but investigations since the war have shown tenuous connections which, if they had been followed, would have produced a trail leading from one network to the other. Just as in Canada there were networks, not connected with that of Zabotin, never exposed and which may have been concerned with atomic information, so in the United States the network directed by Yakovlev which included Gold, Rosenberg, Greenglass, and Fuchs was certainly not the only one. The men and women detected and tried were not the only ones in contact with Yakovlev. He may have worked with other couriers besides Gold, who naturally knew nothing of them.

A great number of allegations have been made in the U.S.A. and very few charges proved in a court of law, but among the statements contained in the *Report on Soviet Espionage Activities in Connection with the Atom Bomb* by the Committee on Un-American Activities of the House of Representatives in 1948 was one that during the war a certain Arthur Alexandrovich Adams was "discovered to be actively engaged in

. . . "The most remarkable feature of the atomic spy nets in North America was not so much their success in obtaining information as their skill —and luck—in failing to arouse the slightest suspicion among those charged with guarding the greatest technical secret of the war"

espionage activities for the Soviet government." Those activities included securing information "with respect to the developments that were being made in the United States in connection with nuclear fission."

The brief facts about Adams are that, an old revolutionary, he was "virtually a charter member Communist of the Soviet Union," had entered the United States at intervals from 1920 onward in various capacities ostensibly connected with Soviet trade affairs, and that when government agents secretly searched his room in 1944, "he was found to have in his possession highly secret information regarding the atomic bomb plant at Oak Ridge as well as other vital information regarding the development of atomic energy in other countries."

Early in 1945 Adams found he was being shadowed and attempted to escape in a Soviet ship at Portland, Oregon, but was "thwarted by the F.B.I." For reasons not explained he was not prosecuted, however, and, going to New York, disappeared. "According to the committee's best information he is now in the Soviet Union."

The point of interest about Adams is that on October 25, 1944, he was seen to enter a car registered in the name of Pavel Mikhailov, Soviet vice-consul in New York, and was driven to the Soviet consulate. Mikhailov, as we have seen, was the man who visited Canada to form the spy ring eventually directed by Zabotin. The Soviet secret service must count itself lucky that the intelligence authorities in the U.S.A. did not inform those in Canada that this man Mikhailov, who had visited them in connection with the Mutual Aid program, had been in close touch with a Soviet secret agent who had access to atomic secrets!

Another link existed in the appearance of Fuchs' name in one of the documents or diaries which eventually came into the hands of the Canadian authorities. But this was probably purely coincidental. Fuchs' name was among those of some 70 British scientists, presumably all the leading ones who went to North America for the atomic research program and, all having been cleared for security, there was no reason in 1945 to suspect one more than others. The list was probably compiled for the Moscow Index, and the Canadian network did not know Fuchs was already working for the Soviet secret service.

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An Agent "Not Prosecuted"

Early in 1945 the Soviet secret service had provided a clear picture of atomic development. In the U.S.A. Yakovlev's network which used Harry Gold as its courier had sent technical calculations and data supplied by Fuchs and diagrams of the explosive mold for the atomic bomb supplied by Greenglass, together with a 12-page report typed by Ethel Rosenberg based on her husband Julius Rosenberg's interrogation of Greenglass. In Canada Lunan had passed on the information from Durnford Smith in March, 1945, that the "most secret work is on nuclear physics (bombardment of radioactive substances to produce energy)", which was more hush-hush than radar, and Moscow had come back with the demand for a sample of "uran. No. 235," which had been supplied.

Moscow, in fact, knew then a good deal more about the atomic bomb than the great majority of those directing the war in the West. And it had good reason to believe it would learn all in due course, for the most remarkable feature of the atomic spy nets in North America was not so much their success in obtaining information as their skill—and luck—in failing to arouse the slightest suspicion among those charged with guarding the greatest technical secret of the war.

This was due to various circumstances. Although atomic research and production were the West's most closely guarded secrets, they were guarded from the Germans and Japanese, rather than from the Russians. The security organizations were completely successful in preventing any leakage of information to Germany, but they do not appear to have considered sufficiently the possibility that the most determined attack would be made by the secret service of an ally.

The warning that the Soviet Union was not content with information through official channels implicit in the detection and conviction of a number of minor Soviet spies "caught in the act" in Britain and the U.S.A., after the entry of the U.S.S.R. into the war, was not sufficiently heeded. The Allies opened generous channels of information to the Russians and the fact that they made so little use of them, asking only the most innocuous questions, should have aroused suspicion. It might have struck them as odd that not even the most generalized questions were asked about the possibilities of atomic explosives, or even the nature of "Tube Alloys" and the "Manhattan District Project."

Although the systematic subversion of nationals had been the most powerful weapon of Soviet espionage for decades, the possibility that important men who had taken oaths of secrecy would deliberately betray their country to Russia in the middle of a war does not seem to have been seriously considered in the West. Some of the leading atomic scientists were "guarded" wherever they went for their own safety, but the Soviet agents' success in meeting Nunn May and Fuchs, the willing informers, was made easier by the fact that the vast majority of scientists were completely loyal and "security-minded" and impatient of restraining physical security measures.

At Potsdam: What Stalin Knew

By the time the statesmen of the victorious nations assembled at Potsdam to settle the peace, the Soviet secret service knew a great deal about the technical calculations and something about the anticipated rate of production of the atom bomb. Soviet scientists had, at this date, probably actually begun work. Sir Winston Churchill suggests in his account of the Potsdam meeting that Stalin was at that time ignorant of the existence of the A-bomb—news of the success of the last tests reached President Truman on July 16 while the conference was in progress. But an examination of the evidence at the Canadian, United States, and British atomic spy trials indicates that the Soviet dictator knew a great deal about the bomb. His apparent indifference to President Truman's hints at a super weapon was simulated to avoid arousing suspicions that might lead to realization of the extent of Soviet espionage.

Moscow learned all about the bomb on Japan shortly after it was dropped on August 6, 1945. Zabotin telegraphed from Ottawa that "Alek" had stated it was made of uranium 235 and

. . . "In 1945 a man might have walked around one of the democracies offering documents which showed it was riddled with Soviet spies and be greeted with raised eyebrows and skeptical smiles"

that the output of this substance now amounted to 400 grams daily at the magnetic-separation plant at Clinton, with other technical details. Nunn May was due to return to London where arrangements were made through Moscow for him to meet another Soviet agent, but Zabotin had "other clients," as he put it, to keep his network in Canada supplied with atomic information. Western counterintelligence organizations still had no suspicion that the Soviet Embassy in Charlotte Street, Ottawa, was the center of a spy net, and might well have remained in ignorance indefinitely if Igor Gouzenko, the cipher clerk, had not decided he preferred freedom.

Gouzenko Tells His Story

On September 5, 1945, he put into practice a plan which he had long contemplated and for which he had made preparations by collecting a large number of documents revealing the most undiplomatic activities of a dozen of the leading Soviet diplomats in Ottawa, as well as many Canadian citizens who had been suborned by them. He had learned something from his work in the Soviet secret service. To avoid suspicion, he had simply turned down the edges of the documents he had selected, leaving them in the files, so that he could pick them out at the last moment. At 8 P.M. he decided the moment had come. With enough evidence in his pocket to put a dozen spies in jail he walked out of the embassy and went to a newspaper office. The editor refused to take him seriously. When next day he made a number of calls on government officials and again on the newspaper, he was still not taken seriously.

The truth might never have been revealed if the embassy, alarmed at the absence of its cipher clerk, had not characteristically used "strong-arm methods" to try and get him back. In 1945 a man might have walked around one of the democracies offering documents which showed it was riddled with Soviet spies and be greeted with raised eyebrows and skeptical smiles. But the moment the door of his flat was broken down by strangers and his cupboards ransacked, the police took notice. Gouzenko was taken into protective custody, told his story, and this time was listened to, apparently with a mixture of embarrassment and incredulity that did not disappear until the interpretation of his documents revealed the truth about the Soviet secret service's successes in Canada.

These events were not, at the time, fully known to the public, who had only confused accounts of what had happened, and six months passed before the full impact of them hit the headlines of the free world's press. Although the Soviet Embassy asked for the "surrender" of Gouzenko on a "capital charge" and claimed he was a thief, the Soviet secret service does not seem to have been unduly alarmed. Zabotin had no idea of the number of documents Gouzenko had taken because many of these documents were shown in the official records as having been burned. At the time Zabotin does not seem to have informed his Moscow headquarters fully of the catastrophe, for he remained in Ottawa, and plans to increase the number of Soviet agents under the guise of diplomatic or commercial staff continued to be pressed.

But as a precaution Moscow canceled the appointment for Dr. Nunn May in front of the British Museum for October 7, and "our man in London" did not appear for that or for the alternative meetings in November and December, to the disappointment of Scotland Yard's Special Branch. Dr. Nunn May himself did not keep the appointment because, he stated, "I had decided that this clandestine procedure was no longer appropriate in view of the official release of information and the possibility of satisfactory international control of atomic energy." His views may have been influenced by reading in the newspapers that a clerk had "deserted" from the Ottawa embassy.

All the persons concerned in the Gouzenko documents were described only by their "cover names." The task of identifying them and making sense of the documents was difficult. Knowledge of the difficulties may have led Zabotin and Moscow to think it was impossible. At any rate Moscow was in no hurry to take the obvious step of withdrawing the 15 members of the embassy staff engaged in espionage. The headquarters was presumably ready to "write off" Zabotin's network, knowing that it had several other networks in Canada. The danger that a clue to the network in Britain would be given by the arrest of "our man in London" was avoided—whether he was the same man used later to act as courier for Fuchs we cannot know.

From Moscow's point of view the most serious consequence when the case burst into the headlines may have seemed that the exposure of the cynical technique of subversion and espionage would alert the public and result in countermeasures making it difficult for them to be used again. But if these fears existed in Moscow they must have been dispersed by the official reaction to the disclosures and the Nunn May trial. Whatever counterintelligence organizations learned from it—and they did not learn enough to catch Fuchs for another four years—the politicians and the public regarded it as unpleasant, exceptional, and something to be forgotten. The statesmen of the West were not anxious to spoil what they hoped would be the harmonious discussions at the conference of Foreign Ministers in December of 1945.

At the trial of Dr. Nunn May the greatest care was taken to avoid the mention of the Soviet secret service as the "unauthorized persons" to whom disclosure had been made. The attorney general said, "There is no kind of suggestion that the Russians are enemies or potential enemies. . . ." And again: "I should like to know why Russia has been introduced (by the defense). I made no reference to Russia or America. . . ."

It is characteristic of the atmosphere that in spite of pressure in the House of Commons the British government refused to publish in Britain the 750-page report of the Royal Commission in Canada or, what would have been more valuable, a full summary of it which would have been virtually a guide to the Soviet secret service's methods of subversion and espionage.

Soviet "Conspiratorial Technique"

It is also characteristic that the Royal Commission's report itself, while concealing nothing, gave the impression of men astonished at what they had learned—that Soviet diplomats could be engaged in espionage, that members of a democratic parliament and officials who had taken special oaths could put their loyalty to the Soviet Union above their loyalty to their country and colleagues. "Essentially what has happened is the transplanting of a conspiratorial technique, which was first developed in less fortunate countries to promote an underground struggle against tyranny, to a democratic society where it is singularly inappropriate," the Royal Commission con-

. . . "There is little evidence that the Soviet secret service obtained much information in the U.S.A. after 1945"

cluded, as if it had made a discovery. The "transplanting" had been going on for more than two decades!

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The Canadian Prime Minister, as soon as he became aware of the extent of the espionage, went to see President Truman at the White House. Perhaps because of what he had learned he said, "Information of this kind cannot be easily trusted to telegraphic communication." The close liaison of J. Edgar Hoover, chief of the FBI, with the Canadian investigations was arranged. But so effectively had the Canadian and New York networks been divided that the FBI obtained no fresh clues to the U. S. spy nets. In fact, Fuchs had his last meeting with Gold in the U.S.A. just a fortnight after Gouzenko deserted. That the meeting was not canceled on orders from Moscow suggests there was confidence no clue in Canada could point to the U.S.A.

At this meeting arrangements were made for Fuchs to be contacted in London. Fuchs' confession has never been published in full, but from other sources at my disposal it seems the appointment was for the first Saturday of every month at 8 P.M. at an underground station, the physical identification—five books bound with string under one arm and two books under the other. This appointment was kept and through the years there were further appointments at an average of two-monthly intervals. The arrest of Nunn May does not appear to have led the Soviet secret service to call off the meetings, although in accordance with practice, they may have been postponed for a period to see if any suspicion had been aroused.

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It was not until December, 1946, that Yakovlev, taking extreme precautions to insure secrecy, met Gold again and spoke of a trip to Paris, handing him orders on onionskin paper. Moscow may have decided there was now more to be learned in Europe than in the U.S.A. At this meeting Gold disclosed he was working for Brothman, and Yakovlev, knowing Brothman earlier had attracted the attention of the FBI, quickly returned to Russia and Gold never went to Europe. In 1947 came the disclosure by Elizabeth Bentley of the extensive activities of Jacob Golos, who had died in 1943. The FBI knew all about Golos but had not been able to do more than pin a technical charge on him in 1940, which resulted in a fine. Now they interviewed Gold, who they knew had been associated with Golos, but failed to get any admission. Moscow knew therefore that Fuchs was still safe. Golos had also worked with the Rosenbergs but the FBI had no pointer to them. The failure to secure Golos was extremely lucky for the Soviet secret service, for he was the key to many spies in the U.S.A.

Plans for a "Sky Platform"

After Greenglass left Los Alamos at the end of the war, Rosenberg got no more information from him, but he seems to have developed other contacts. At any rate he told Greenglass he had informers in many places, and stated one of them was giving him data about the use of atomic energy for driving aircraft and the plans of the proposed "sky-platform project" or artificial satellite. Rosenberg was passing information by microfilms secreted in an alcove of a cinema, and having occasional meetings at lonely spots. These boasts of Rosenberg may or may not have been true. There is little evidence that the Soviet secret service obtained much information in the U.S.A. after 1945. U. S. security became tighter so that even British scientists when they visited the U.S.A. for "declassification" discussions were never let out of the sight of security officers when in atomic establishments.

The detection of Fuchs when it came and, it is believed, the end of this phase of atomic espionage, was the result of a blunder by the Russians. One of their experts at a meeting of the United Nations Atomic Energy Commission used words which showed he had access to what were considered absolutely safe secrets of U. S. atomic research, secrets to which Nunn May could not have had access. This pointed to the existence of an undetected agent "X" who must have worked in a particular

—United Press

MRS. PETROV: "Photographs bear witness to her 'manhandling' by armed Soviet bodyguards"

field in the U.S.A. One by one the possibilities were eliminated and finally the FBI were able to ask the British counterintelligence if they were satisfied about Fuchs. The rest of the story is well known. The Soviet secret service lost its most valuable informer, but not until he had served them well for seven years.

But even with the arrest of Fuchs, the Soviet secret service was confident the network would not be unmasked because of the system of communications used between members. One immediate result of the conviction of Fuchs was a visit to his prison cell, with his consent, of Hugh Clegg and Robert Lamphere of the FBI. They were anxious to identify the man who had acted as courier for him in the U.S.A. But Fuchs did not know Harry Gold's real name. Gold called himself Raymond to Fuchs and John to Greenglass. Nor, after the lapse of years, was his description accurate, and Fuchs failed to identify anyone in the numerous photographs shown him. The FBI narrowed down the search from 1500 possible suspects to Gold, and brought the charge home as a result of just one error on the part of Gold—he had failed to destroy a guide to Santa Fe where he had met Fuchs.

Only after Gold's arrest and confession did Fuchs identify

. . . "Men who had turned their backs on Moscow had been murdered under the very eyes of the police in the streets of Paris, in the shadow of the Swiss Alps, in a Washington hotel room, and on New York's Fifth Avenue"

him from a motion picture flown over and shown to him. Gold's confession led to Greenglass, who in turn led to the two Rosenbergs. Ethel and Julius Rosenberg, in spite of many opportunities, never confessed, and the trail ended there—it is probable they were in touch with many other agents. What has, so far, proved the last episode in the drama of Soviet atomic espionage occurred when Professor Bruno Pontecorvo made his hitherto unexplained flight to Russia in October, 1950. Pontecorvo had taken an important part in atomic research, according to some experts a more important part than Fuchs, but whether the Soviet secret service had been in touch with him continuously since his early left-wing days has never been disclosed. He worked for the National Research Council in Montreal from 1943 onward and in 1945 was transferred to the Chalk River plant for highly secret work. After the war he took a position with the British Atomic Energy organization, but remained in Canada until 1949, when he was transferred to Harwell and later took a professorship at Liverpool University on the eve of his disappearance.

If during any of the seven years when he worked on secret projects, Pontecorvo was contacted by the Soviet secret service, they left no clue. There was no reference to him in the Gouzenko papers, unless he was one of the unidentified code names, which has never been suggested. The facts about his disappearance fit better in the theory that he was "blackmailed" into going to Russia at a time when there was urgent need of the services of an atomic scientist with his particular specialization. His *zapiska* in the Moscow Index would have shown his family and other connections with his prewar leftward inclination, which if known in the West would probably have resulted in his access to secret information being restricted. The trial and sentence of 14 years on Fuchs would have been sufficient to bring home the threat of exposure and ruin. None of the evidence of his last flight with his family suggests kidnaping in the ordinary sense, but the Soviet secret service knows the possibilities of making the victim go without using physical force.

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Chapter VIII

KIDNAPING AND MURDER

MANY MILLIONS of ordinary men and women reading the account given to the Australian Royal Commission by Mrs. Evdokia Petrov of her actions and feelings during the days after her husband's defection in April, 1954, must have wondered whether she was not exaggerating. In a dramatic statement, the woman who had herself been a Cheka agent for 16 years, said, "When my husband disappeared, I thought he had been kidnaped. But even when I learned that he had reached safety and been afforded protection by the Australian government, I could do nothing to join him." She told how she was watched day and night, and how no one was allowed to speak to her. She saw preparations being made for her departure to Russia and felt it useless to resist, because she would have been "murdered then and there in the embassy building."

Many spectators on the airfield and numerous photographs bear witness to her "manhandling" by armed Soviet bodyguards. But kidnaping and murder in an embassy? Would Soviet officials really dare to liquidate anyone in the heart of the capital of a free country? How would they dispose of the body? What would be the reaction of the world to such a crime? Was it not just a question of Mrs. Petrov's imagination getting the better of her? Whatever temptation there may have been for Petrov and his wife to exaggerate in order to make an impression on their new-found friends, their statements that they lived in fear of being murdered can be accepted without reservation.

The history of the Cheka's "executive branch" contains scores of cases of men and women being kidnaped and murdered in full daylight in the heart of the capitals of free countries, and these crimes have been committed with the active help of Soviet Embassy officials.

Petrov, like Gouzenko, knew that men who had turned their backs on Moscow had been murdered under the very eyes of the police in the streets of Paris, in the shadow of the Swiss Alps, in a Washington hotel room, and on New York's Fifth Avenue.

When, on April 23, 1954, the American authorities in Germany announced that three Soviet secret service agents had surrendered to them and that their leader, captain of the MVD, Nikolai Evgenyevich Khokhlov had confessed their mission to assassinate Georgi Okolovich, the chairman of the Russian anti-Communist N.T.S. organization in Frankfurt, there was indignant horror in the free world. But this disclosure of the activities of the Cheka's Otdyel for Terror and Diversion should have come as no surprise. Scores of similar assignments had been carried out with complete success by Moscow's "traveling executioners" over a period of years. Only the short memory of people in the West for the activities of the Cheka can explain the astonishment the "Khokhlov affair" caused in the spring of 1954.

The novelty of this case was that Khokhlov brought with him into freedom the strange weapons with which he had been equipped for his job: a case which shot poisoned dum-dum bullets through the tips of cigarettes and an electrically fired miniature revolver, four inches long and three-and-a-half inches high, that could be hidden in the palm of the hand, which made no more noise than a snap of the fingers.

It was said that if a popular writer of thrillers had invented a tale of disguised secret agents carrying such weapons to kill their victim in the center of a busy European city, even ardent readers would say the story was incredible. But, in fact, these things have been done, and done successfully, by Cheka agents before. The Khokhlov case, for all its fantastic features was, seen in proportion, only the latest and a minor incident in a long catalogue of kidnapings and murders by shooting, stabbing, poisoning, and by faking suicides, planned and

. . . "The Soviet government was prepared to spend as much as $50,000 on eliminating a deserter from the Cheka"

carried out by Soviet secret agents and members of the Mobile Groups.

The liquidation of political enemies is not a Communist invention. It is as old as the story of politics. But the Russians have specialized in it for centuries and the Communists in the last 40 years have simply adopted more subtle methods than the bombs thrown at passing royal carriages by the nihilists and revolutionaries. We have accepted the recurrent purges, mass executions, shootings without trial, and deportations to slave-labor camps within the frontiers of the Soviet Union and her satellites as part and parcel of the Communist judicial system. What we find hard to believe is that the Otdyel for Terror and Diversion systematically uses these methods in the outside world.

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A "Liquidation" Ordered

In October, 1953, Khokhlov was summoned by Colonel L. I. Studnikov and told to hold himself ready to go to Germany to carry out a liquidation. Early in November Khokhlov flew to East Berlin and reported to the Karlshorst center. He was introduced to two German Communists, Hans Kukowitsch and Kurt Weber, engaged in minor work for the Soviet secret service in Germany. On November 10, Khokhlov and his two assistants flew to Moscow, where the two Germans were to be trained. Khokhlov was given leave, which he spent with his wife and his 21-months-old son. It was then that he told his wife of his assignment and was persuaded not to carry out the murder. But he had to report back, because he would otherwise have been arrested and probably shot.

In the meantime Kukowitsch and Weber were at the special school for members of the Section No. 9 in Kuchino near Moscow, being instructed in the use of pistols, judo, and car-driving. Khokhlov was summoned several times to Kuchino to examine with his assistants maps of Frankfurt and photographs of the building where the White Russian organization had its offices as well as of Georgi Okolovich, its president. Some of this instruction was given by one of the few female high officials, Major Tamara Nicolayeva Ivanova, an expert on topography, whom Khokhlov described as an "overworked nervous spinster."

On December 29, Khokhlov and his two companions flew back to Berlin. On his last visit Khokhlov was told by his chief, Colonel Studnikov, that if the job went off well he would be promoted and perhaps get a decoration. Studnikov added that the order authorizing Operation Rhine (the code name for the murder of Okolovich) had been given by General Kruglov, the Minister for State Security, himself. This was confirmed by Major General Panyushkin, head of the Second Directorate, to whom Khokhlov paid his respects before leaving Moscow.

In Berlin the three men were ordered not to enter Western Germany from Berlin but to make a detour. Equipped with false identity papers, the two Germans went to Vienna and then to the center in Baden. Suddenly Khokhlov was ordered to return to Moscow, where he was told that the "operation" had been postponed because the Soviet government did not want an assassination to occur during the Four Power Conference between Molotov, Dulles, Eden, and Bidault, due to start soon in Berlin.

On January 13, Khokhlov was ordered to fly to Vienna. He kicked his heels until February 8 when, after the breakdown of the conference, Panyushkin sent a go-ahead signal to the chief of the Cheka center in Baden, Colonel Bela Okum, a Hungarian by birth.

Khokhlov was ordered to travel by air to Zurich. Using false Austrian passports, his German assistants traveled by train via Innsbruck. They met Khokhlov at Zurich on February 13, and he told them to go on to Frankfurt, following alone four days later. He had already made up his mind to betray the plan to the Western authorities, but having some doubt about his reception, he decided to take his intended victim into his confidence first. On February 19 he went to Mr. Okolovich's flat, not to murder him as ordered, but to tell him his story. Okolovich at once informed the American security service at Frankfurt.

Khokhlov was taken into protective custody and, acting under instructions from the Americans, told the two Germans to go to Augsburg as arranged in Moscow to pick up the assassination weapons from a courier from the Austrian Cheka center. Khokhlov was convinced that another Mobile Group had been sent to Frankfurt to shadow him, and begged the American security officers to be careful, as he feared he might be murdered even in their company. The decisive meeting with the U. S. officers was therefore arranged in the Frankfurt Opera House on February 20, and some of the vital conversations took place in a lavatory and in a dressing room behind the stage. Finally Khokhlov arranged a meeting with the two Germans on February 25, and persuaded them to give themselves up. This meeting was secretly watched by armed American security officers. Later the same day they picked up the murder weapons in the cloakroom of the Frankfurt Central Railway Station, where the two Germans had deposited them. Operation Rhine was ended—but not according to plan.

The Soviet secret service had spent four months and at least £10,000 [$28,000] on this operation designed to liquidate Mr. Okolovich, a person not of first political importance. But the Cheka has spent much more on killing less important persons, sometimes merely to satisfy the whims of revenge by some of the Kremlin rulers. The murder by Cheka agents of Ignace Reiss in Switzerland in 1937 shows that the Soviet government was prepared to spend as much as $50,000 on eliminating a deserter from the Cheka. The Mexican authorities estimated the murder of Trotsky cost Moscow $600,000.

First Kidnaping by Agents

Kidnaping by Soviet agents is now so frequent that it hardly excites comment, but the first big case 25 years ago shook public opinion. On Sunday, January 26, 1930, General Kutyepov set out from his flat in the Rue Rousselet in Paris, for the Russian Orthodox Church, leaving his wife and his five-year-old son behind. He said he would be back for lunch. He never returned. All the police could discover was that a few hundred yards from the flat a bearded man, later identified from photographs as the general, had a dispute with two policemen. They bundled him into a car which quickly drove off. But a check by the Paris Sûreté showed that no policemen had made an arrest in that district on that Sunday, and it became clear the general had been kidnaped by two men in police uniforms who were not members of the Paris force.

Although a reward of £8000 [$22,400] was offered, no

. . . "Kidnaping methods have been used on many occasions to exterminate Communist traitors, most of them Cheka agents, who deserted to the West"

trace was ever found of General Kutyepov. He had been the chairman of the Union of Russian Ex-Combatants, a violent anti-Communist émigré organization, founded by the exiled Grand Duke Nicolai. It had a membership of 60,000 in France and groups in other countries in Western Europe and America. Kutyepov had received many threatening letters from Communists, and there was little difficulty in concluding that the "policemen" were Soviet agents. . . .

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Modern Kidnaping Technique

When I visited Berlin in January, 1954, Herr Stumm, the police president of West Berlin, told me his records showed some 400 persons kidnaped by Soviet agents, with the help of German Communists, during 1953 alone. He said rewards of between 500 and 1000 marks [$125 to $250] were paid by Soviet agents from the Eastern zone to German men and women acting as decoys. The kidnaping, and probable murder, of the Berlin lawyer, Dr. Eric Linse, chairman of the German Committee of Free Jurists, in July, 1952, had international repercussions and illustrates some of the methods of Soviet secret agents.

Early on July 11 a man approached a taxi driver in West Berlin and asked to be driven to the Senefelder Place in the Soviet sector. Berlin taxi drivers do not like entering the Eastern zone, but the man offered a tip of 20 marks [$5] and the cabbie consented. On the way the passenger leaned forward and dropped a carton containing 100 American cigarettes on the front seat next to the driver, who thought this was a special bonus and thanked him.

When, a moment later, the taxi stopped at its destination, two *Volkspolizei* (People's police) constables jumped on the taxi, shouting, "So you are one of the American racketeers who smuggle cigarettes into the Eastern zone!" Driver and passenger were taken to a police station, where the driver was put in a cell. He was kept there for two days, but never saw his passenger again. When he was released he was told to go back to West Berlin, where he would find his taxi.

This drama was staged to secure a West Berlin taxi, carrying proper registration plates. Investigations after Dr. Linse's disappearance showed that the taxi appeared next morning in the quiet Gerichtstrasse, a tree-lined residential street where Dr. Linse lived. Punctually every morning the lawyer left Number 12 to walk to the El-railway station a few blocks away, to travel to his chambers. On this morning when he had walked about 30 yards two men got out of the taxi. They followed Dr. Linse and suddenly one jumped on him while the other hit him heavily. The men bundled Linse into the taxi, which had followed them slowly, and it went off at high speed toward the Soviet sector. A woman who saw the scene from the opposite pavement screamed and people started in pursuit, including a young man on his bicycle, a van later joining in the chase.

Five revolver shots were fired at the pursuers from the taxi and a handful of "tetrahedrons," used during the war for puncturing tires of military vehicles, thrown out.

The van was stopped and the runners and the cyclist were left behind. But a couple of hundred yards away they saw a group of East Berlin *Volkspolizei* apparently waiting for the taxi, for they immediately lifted the road barrier at which every vehicle is normally stopped for investigation and search by the East Berlin police. The taxi went straight through and disappeared. It was the last seen or heard of Dr. Linse and his kidnapers.

The British and the American High Commissioners at once lodged protests with the chairman of the Soviet Control Commission, General Vassilyi Chuikov, who promised to make inquiries. When after some weeks nothing was heard from the Soviet authorities the Linse case was raised in the House of Commons. Mr. Eden made a formal protest to the Soviet government and the U. S. High Commissioner in Germany, John J. McCloy, followed suit. But the only result was a polite note from General Chuikov to his British and American colleagues, stating that the investigations had been "entirely negative" and that no trace of a taxi or its passengers had ever been found in the Soviet zone. He added that "he hoped that the British and American High Commissioners did not really think that the Soviet authorities were in any way involved in this unfortunate incident. . . ."

Dr. Linse, with his colleague Dr. Theodore Friedenau, had conducted an anti-Communist campaign in Berlin for years, helped by the late burgomaster, Ernest Reuter, and had published a number of pamphlets disclosing the activities of Soviet spies. The immediate reason for his liquidation was apparently the publication by Dr. Linse of a document revealing the extent of the organization and armament of the East German *Volkspolizei* and their cooperation with the Cheka. The East German government, obviously on behalf of the Cheka, had offered rewards of 10,000 marks [$2,500] for Linse and Friedenau.

"Bodies as a Warning"

Kidnaping methods have been employed on many other occasions to exterminate Communist traitors, most of them Cheka agents, who deserted to the West. But there is a striking difference in the treatment of anti-Communists and renegades. In the case of anti-Communists like Miller and Linse the objective is disappearance without trace. In the case of renegades the *istrebiteli*, members of the Cheka Mobile Groups, have instructions to leave the bodies behind as a warning to others who might be tempted to turn their backs on Moscow. The strong-arm methods of Cheka liquidation are illustrated by the case of Ignace Reiss, a former Resident Director of the Soviet secret service.

Early on September 5, 1937, shopkeepers taking down the shutters in the Boulevard de Chamblandes in Lausanne noticed a large car with registration plates of the Berne Canton, parked on the wrong side of the road. The car appeared to be empty, but when some of the shopkeepers went up to it they found a man slumped on the floor at the back. The man's clothes were stained with blood and there was a large pool of blood inside the car.

The police found the dead man had been murdered in the car. His body was riddled with submachine-gun bullets. Seven bullets were found in his chest and abdomen, five had entered his head. The murderer or murderers had apparently fired again and again, as if in an uncontrollable rage. There had been no attempt to disguise the identity of the victim. In his breast pocket was a passport of the Czechoslovak Republic,

. . . "The sentence on Trotsky had to be carried out by traveling executioners, wherever the condemned might be found"

issued in the name of Hans Erhardt of Prague, 45 years old, married. A large amount of money in Swiss notes, as well as a silver watch and other valuables, such as a silver cigarette case and a gold signet ring, had not been touched. Clenched in the man's right first were some strands of a woman's gray hair, evidently torn from her head in a desperate struggle.

The car was identified as one hired two days before at the Casino Garage on the Kirchenfeld bridge in Berne, by a woman who had given her name as Fräulein Renata Steiner. The garage proprietor had seen her driving license, which showed she was a Swiss citizen, and she had paid 150 francs as a deposit.

When Swiss newspapers published the story of the mysterious murder, giving a description of the dead man, they said nothing of Miss Steiner, for whom the police were searching. Within an hour of the *Gazette de Lausanne* being on sale, a woman called on the superintendent of the Lausanne Criminal Police. She said she was Madame Ignace Reiss and feared the murdered man was her husband. She was taken to the mortuary and broke down when she saw her fears confirmed.

The Swiss police had no records of Hans Erhardt. But Ignace Reiss was known to the police and intelligence authorities all over Europe as a Soviet agent. He had worked for the Soviet secret service in Germany, France, Vienna, Holland, and Scandinavia. Polish by birth, 40 years old at his death, he had been one of the Resident Directors of the Soviet spy network in France.

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Leon Trotsky "Condemned"

. . . On August 24, 1936, the Supreme Court of the U.S.S.R. added to its verdict by which 16 members of the so-called Trotskyite Center, including Zinoviev, Kamenev, and Smirnov, were sentenced to death and duly executed, the following rider:

> Leon Davidovich Trotsky and his son Leo Lvovich Sedov now abroad, convicted by the evidence of the accused, and also by the findings in the present trial as having prepared and directed the organization of terroristic acts against the GPU and the Soviet state, are subject, in the event of their being found on the territory of the U.S.S.R., to immediate arrest and trial by the Military Collegium of the Supreme Court of the U.S.S.R.

It was extremely unlikely that Trotsky and his son (who had been given refuge in France) would ever be "found on the territory of the U.S.S.R." as long as the Stalin regime existed. Hence the sentence had to be carried out by traveling executioners, wherever and whenever the condemned might be found.

* * *

On January 21, 1937, Dimitry Navachin, a former Soviet diplomat, was murdered in the Bois de Boulogne in Paris. He died two days before the purge trial of the Seventeen, including Pyatakov, Radek, and Sokolnikov, having declared publicly in Paris that he was prepared to give evidence before an independent tribunal anywhere in the West about the real background of the Moscow trials.

Whether Navachin had any documents and whether his testimony would have turned the tide of the world-wide campaign organized by Moscow to convince public opinion in the free world that the accused were really traitors and Nazi spies, no one will ever know. Two men followed Navachin from his home to the Bois where he used to take a short walk every morning.

Under the eyes of several passers-by, one of them fired three revolver shots at him. Navachin died an hour later without regaining consciousness. The Paris police established that the murder was committed with "a foreign-made revolver of 5-mm. calibre, unusual in France." After the murder the two men ran toward a waiting car. But nothing that might have led to their arrest came out of the efforts of the investigating magistrate, efforts which did not appear to be pressed with great enthusiasm.

After Navachin's murder, Leon Trotsky issued from his

—United Press

THE DYING LEON TROTSKY
Last words: "He must not be killed, he must talk . . . the GPU sent him"

exile a warning that the Cheka had been ordered "to shut up all those who know too much about the Moscow trials." That the Mobile Groups had received such orders was clear from their activities other than murders. There was a mysterious burglary at the Paris Institute of Political Science, where Trotsky had deposited several trunks filled with documents before going to Mexico. This burglary had never been cleared up, although it seemed incredible that half a ton of papers could be taken away, loaded into vans and driven off, without anybody noticing it. The Cheka undoubtedly had accomplices planted at the Institute.

In his warning, Trotsky expressed fears for the safety of his son, Leo Sedov, hoping that by drawing attention to the danger he would deter the Cheka from striking. But the instructions to the Mobile Groups were not countermanded. After an attempt on his life by poison in the winter of 1937, Leo Sedov

. . . "By 1938 the Cheka had eliminated all serious opposition. Only one account remained to be settled, that of Trotsky"

entered a Paris hospital. Doctors advised him a stomach operation was necessary. The operation was carried out and Sedov showed such steady improvement that he was soon to be discharged. Then, on the order of someone who was never identified, his night nurse was suddenly withdrawn. On the very first night Sedov was left alone he had an "unexpected relapse."

At 4 a.m. he was found by a night porter wandering through the corridors of the hospital, naked and delirious. At least he appeared to be delirious, because he was shouting, *"Au secours, au secours, ils m'ont empoisonné"* (Help, help, they've poisoned me!). The circumstances of Sedov's death were so suspicious that the hospital called in the police. The forensic pathologist came to the conclusion that "Sedov's death could be explained by natural causes," but they recommended an open verdict. A hospital porter, a member of the French Communist Party, was interrogated, but the magistrate decided that there was insufficient evidence to bring a charge.

The special-task agents were now in a hurry. They pounced on Rudolf Klement, Trotsky's secretary, who had remained in Paris because he was unable to get a visa to Mexico. Klement acted as a liaison officer between Trotsky and the many groups of Trotskyites in Europe. On July 16, 1938, Klement left his home and never returned. About three weeks later the headless body of a man recovered from the Marne River near Lagny was identified by several people as that of Klement.

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"Yagoda's Poison Chest"

It would be impossible to mention all the executions at home carried out by the Cheka, but that of Slutsky, chief of the Foreign Department of the secret service, is worth noting. Slutsky was considered too important to "disappear" like many other chiefs, at least until the important task of replacing the foreign agents with new, "reliable" men had been carried out. On February 17, 1938, Slutsky's deputy was called to a room where he found Slutsky slumped on a chair. On a table in front of him were half-empty tea glasses and cakes. A circular to all the Resident Directors abroad told them that their chief had unfortunately suddenly died of heart failure.

The use of poison had apparently been introduced by Yagoda when he became Menzhinsky's deputy. In his younger days Yagoda was a pharmacist, and poisons fascinated him. Several toxicologists were employed by the Section for Special Tasks, installed in a well-equipped laboratory in the Lubianka. Yagoda himself liked to carry out experiments there. During their trials Yagoda and his secretary Bulanov "confessed" to murdering Kuibyshev, Gorky, and Peshkov by supplying the poison the doctors administered on their orders.

Trotsky commented in his life of Stalin:

> The confessions of poisoning . . seemed fantasmagoric to me. Subsequent information . . . forced me to alter that judgment. Not everything at the trials was a lie. There were poisoned and poisoners. . . . Not all the poisoners were sitting in the prisoner's dock. The principal poisoner was conducting the trial by telephone. . . . Yagoda would not have taken it upon himself to kill Gorky and still less would he have dared to entrust such a plot to a Kremlin physician. . . . All the details bear Stalin's ineradicable imprint. . . . It is only Yagoda who disappeared; his poison chest remains. . . .

The evidence of Khokhlov makes it clear that Yagoda's poison chest still remains, although Stalin has gone.

By 1938 the Cheka had eliminated all serious opposition. Only one account remained to be settled, that of Leon Trotsky himself, then living in exile near Mexico City. The task was entrusted to Beria, with the proviso that it must be carried out with no chance of the crime being brought home to Moscow. Two and possibly three plans for the murder of Trotsky were prepared. One of these, a pure gangster attack, was carried out in May, 1940, by Spanish and Mexican Communists led by three Cheka agents, wearing Mexican Army uniforms secured by Marteo Martinez, leader of the Mexican Communist Party. Trotsky's American secretary, Robert Sheldon Harte, was kidnaped and his body later found in a shack. On the night of May 23 the gang stormed Trotsky's villa, throwing incendiary bombs and firing submachine guns.

Trotsky and his wife survived the volleys poured into their room by diving under the bed, but their 11-year-old grandson was wounded. The attackers were eventually driven off by Trotsky's bodyguards and pursued by the police, but were never fully identified. Trotsky now fortified his house so that direct attack with anything less than tanks would be useless and Moscow ordered the alternative plan, prepared 18 months before, to be put into action. The world was preoccupied with the holocaust in Europe, so that both the fantastic attack in May and the subsequent more subtle and successful murder received little space in the newspapers. On August 20, 1940, Trotsky took into his study a man called Jacson, who had been introduced to him by Sylvia Agelov, a fervent supporter and a friend of his wife. Trotsky had promised to help the young man with an article. As Trotsky pored over the manuscript, Jacson standing behind him took a short-handled ice pick from the pocket of his raincoat and struck him on the back of the head. The point of the pick entered Trotsky's brain. He screamed, and his wife and bodyguards came running. Trotsky cried, "He must not be killed, he must talk . . . the GPU sent him," then became unconscious. He died next morning. . . .

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Beria Picks an Agent

When in 1939 Beria looked for a suitable man to penetrate the protective screen with which Trotsky had surrounded himself, he was given the name of Cardidad Mercader, a Catalonian woman who had been a Cheka agent since 1920, had received espionage training in Moscow, and had headed an espionage cell in France. She had been one of the Cheka's important agents under Mihail Shpiglglas in the Spanish Operation and now, in 1939, lived in Paris. She was ordered to find a suitable man to become friendly with some Trotskyites in Paris who had the leader's confidence. Repulsive as the idea seems, Cardidad Mercader chose her own eldest son, Ramon Jacobo del Rio Mercader, then working for the Comintern in Paris. He succeeded in making friends with Sylvia Agelov in Paris under the name of Jacson. . . .

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These cases of murder committed abroad by the Cheka's agents and its Mobile Groups are only examples from a very long list. It is doubtful whether any complete list can ever

. . . "The solutions to scores of 'unsolved murder mysteries' in many countries probably lie in the records of the Cheka"

be prepared. The solutions to scores, if not hundreds, of "unsolved murder mysteries" in many countries probably lie in the records of the Cheka. I need quote only a few more examples. There was the mysterious "suicide" of Walter Krivitzky, Major General of the NKVD and one-time Resident Director in Holland, who broke with Stalin in 1937 and was found dead in the Hotel Bellevue, Washington, D. C., on February 10, 1941, two days before he was to testify before the Dies Committee of the United States Senate.

There was the discovery of a terribly mutilated body in a French forest a few days before the fall of France in 1940. It was identified as that of Willy Muenzenberg, a former leader of the German Communist Party, who had been followed by Cheka agents ever since his break with Stalin. There was Carlo Tresca, the well-known American labor leader who openly accused the Cheka of the murder of Juliet Stuart Poyntz, an American schoolteacher who had been a prominent Communist. Tresca even named George Mink, a former Philadelphia taxi driver, as one of Moscow's traveling executioners, who had carried out liquidations in Germany, Denmark, Spain, and the U. S. A. Tresca paid for his boldness with his life, being murdered on the corner of Fifth Avenue and Fifteenth Street, New York City, in 1943.

The assassins were never found, although the trail led to Vittorio Vidali, an Italian-American known as a Cheka agent, who worked in Spain under the cover name Kontralas. He was arrested by FBI agents but released for lack of evidence and later vanished, to reappear as a leader of Italian Communists in Trieste, a center of Soviet secret service activity against both Italy and Marshal Tito.

Since the war, the Mobile Groups and Cheka agents have been particularly active in Germany and Austria and many kidnapings and murders suggest the old tactics continue. The Khokhlov affair was only the most recent and flagrant example. It may be that since the death of Stalin the Cheka has had orders to show more restraint in the West, but the use of murder and terror as a weapon continues in the lands bordering the Iron Curtain and if there has been any change, it is one of tactics and not of principle or conscience.

Stalin has gone, and murders are no longer required to insure his undisputed power, but as I show in the next chapter, the excutioners are turning their attention to refugees and emigrants abroad suspected of being "anti-Communists" or even merely refusing to collaborate.

Chapter IX

THE "KNOCK-ON-THE-DOOR" SPIES

THE USE of open or subtle threats to people with relatives in Soviet or Communist-controlled territories as a method of suborning them into espionage is an aspect of the Soviet secret service activities that deserves to be described more fully.

During 1945 advertisements began to be inserted in Canadian newspapers, particularly in those published in the Ukrainian, Polish, and Lithuanian languages, stating that persons who came from areas incorporated into the Ukrainian and Byelorussian Socialist Soviet Republics as a result of the war were required to register at offices opened by the consular department of the Soviet Embassy. It is astonishing that such advertisements were permitted, since it was not within the power of the Soviet Embassy to order anyone in Canada to do anything. But Pavlov, the head of the Cheka in Canada, who carried out the operation, relied on the good will extended by the Allies toward the U. S. S. R. to carry off this bluff. The Canadian Royal Commission was presented with no concrete evidence of sinister use being made of this registration. Yet Gouzenko had no doubt about its purpose. "Soviet officials are working on the Canadians of Russian and Ukrainian origin," he said. "They try to develop those people as a Communist-minded population. They use the fear that their relatives will be persecuted in the home country. That is no joke. It is the real thing. They may say to a man, 'If you do not agree to work for us, your sister or brother may be liquidated.' "

The Soviet secret service learned this technique from the Nazis, who before the war went to great trouble to get into touch with the hundreds of thousands of Germans and persons of German birth scattered over the world. Relatives in Germany were traced and their well-being used as a threat if there was any reluctance to cooperate with the Gestapo agents and Nazi spies abroad. Only a small percentage were actually pressed into espionage by the Nazis, but all were on tap for use if required.

The exposure of this registration in Canada, and the attention being given to people with family ties in Soviet territories, was not sufficiently noted in other countries. The use of exiles, emigrants, and refugees by the Soviet secret service—and even more so by the secret services of the satellite countries, which the Cheka controls—has continued and has been systematically developed, as the Petrov inquiry in Australia confirmed. The increasing importance of Australia as an industrial power, as a key nation in Far Eastern defense, and as the scene of secret tests of atomic weapons and guided missiles, led to a special effort being made by the Cheka to use immigrants for its purpose. Tens of thousands of East Europeans had come to Australia since 1948 from Displaced Persons camps in Germany, most of them people who had been deported by the Nazis from Poland, the Ukraine, and the Baltic provinces for forced labor in Germany but who were not inclined to return to their homes after having seen life in the free world, even from the squalor of the camps. Many of them founded clubs and societies in the country of their adoption, some of which had a distinct anti-Communist leaning.

When appointed in 1951 Petrov was given as one of his major tasks finding recruits among the anti-Soviet organizations in Australia. He was appointed third secretary at Canberra and put in charge of the consulate so as to gain the diplomatic immunity essential in making the necessary contacts. Sooner or later an immigrant may have reason to make a simple inquiry at the consulate of the country of his birth. This inquiry immediately makes him a marked man for the Soviet secret service. In 1951 a Colonel Gordeyev was sent

. . . "In the last five years the pressure on refugees and emigrants has steadily increased"

from Moscow to Australia for the specific purpose of developing contacts among immigrants from East European countries. In 1953 one Pavlov arrived to work with Gordeyev—whether this was the same Pavlov who was the MVD man responsible for the Canadian activities in 1945 has not been made clear. Gordeyev and Pavlov toured the country and Petrov said the stated purpose of helping immigrants was merely cover for espionage.

The importance attached to these "repatriation officers" by Moscow was shown by the fact that they were paid from a fund controlled by the Council of Ministers, presided over by Stalin and later by Malenkov. In 1953 the repatriation committee was dissolved, but this did not end the activity. Platkais, who replaced Pavlov, was simply placed on the Cheka payroll and continued to make contact with immigrants whose addresses were sent him by Moscow as having possibilities. The Cheka obtained the addresses by opening all letters from Australia before delivery. The Soviet secret service thus discovered the whereabouts of thousands of men and women who had emigrated to Australia. The possibilities lay in the fact that they had relatives behind the Iron Curtain who could be treated as hostages.

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How "Hostage" Blackmail Works

The first instance to come to light of the welfare of relatives still in Russia being used as pressure by Soviet agents occurred in 1944. One of the persons questioned by the Royal Commission in Canada in 1946 was Hermina Rabinowitch, born in Lithuania. She was a highly educated and indeed brilliant woman, speaking five languages. She had found employment at the International Labor Office in Geneva in 1929, and in 1940 went to live and work in Montreal. Documents from the Soviet Embassy in Ottawa mentioned her, and some were in her handwriting. She was a reluctant witness, taking the position that she had been innocently used as a tool. The Commission's examination showed that on the instructions of a Soviet agent in Geneva ("Sisi") connected with the International Labor Office, she went to the Soviet authorities in Canada and eventually was in touch with "Gisel," code name for the Red Army Military Intelligence organization. From the Soviet MI she received $10,000, which she managed to get passed to this agent in Switzerland through New York, for use by a group operating in Europe.

The Soviet secret service was, needless to say, quick to appreciate the advantages in war time of the uncensored I.L.O. mailbag, which may have been the reason for the first approach and the search of the Central Index for a suitable person. Miss Rabinowitch later supplied "Leon" (Sergey Koudriavtzev, Soviet Embassy first secretary) with information about the I.L.O. "Anybody was entitled to this information," she told the Commission, but could not explain why, in that event, she had handed it over at secret street meetings arranged each month, instead of posting it. The Commission appreciated, even if she did not, that apparently "harmless" biographical information about people in the I.L.O. and their political sympathies might be of great value to the Soviet secret service.

However, the interesting point about these episodes was her explanation: "I was very happy about being in Canada and I never had the slightest thought to do anything against the hospitality which I received here, or which could do any harm to this country. . . . I never was connected with political activities; and when I had certain contacts with the Soviet Embassy, there were certain ideas behind it which have nothing to do with being an agent or no agent. . . . As I said before, I had seen my family at that time in Russia, and I once already had a visa for them to come to this continent; but they were not released out of Lithuania and perished there later on. But at the time I still had reason to hope they were still there and still alive, and as a matter of fact I learned only much later that they died just at the end of the German Occupation. . . . I had perhaps the foolish idea that with rendering services to A—— and to Rachel I might have some kind of possibilities in helping my parents and relatives who were in very great danger there, in Lithuania. My parents were already old at that time. I thought mainly of my father and mother. As I said before, I was used just like a tool and was foolish enough to let myself into that business. I did not get anything from them, because the small service I asked for they did not render it to me, even when I asked for my parents. . . . I didn't feel that I was doing any harm in contacting these people. Only later, when I saw all this secrecy and all that business, I disliked it very much. . . ."

"I didn't feel that I was doing any harm in contacting these people. . . ." For how many skilfully drawn into the net would this serve as an epitaph?

In this case the promise made to help relatives could not, in any case, be kept because they were already dead. Generally it is not a promise to help, but a threat to hurt, and the refugee from Russia knows that the threat is no empty one. In the last five years the pressure on refugees and emigrants has steadily increased. The methods vary. In some cases the refugees have received letters, accompanied by literature.

These appear harmless enough until it is realized the addresses of the refugees could have been discovered only by snooping. Ukrainian textile workers in Lancashire began receiving letters correctly addressed to their new lodgings although they had only just moved. No matter how often a man changed his address, the letters followed him and in at least one case letters were addressed to men from Lithuania, bearing their works numbers at their factory.

This was not only testimony to the efficiency of the spy service the Russians had secured, but also no doubt intended to give the impression that the Cheka was all-seeing. Letters were followed by calls.

"The Atmosphere of Fear"

To the ordinary man brought up in a democratic country, a knock on the door means a friend or tradesman calling. To the refugee from a land of secret police a knock on the door, especially at night, has a sinister sound. The callers were from the Soviet Embassy, making inquiries about nationality, next-of-kin, and so on. The calls were perfectly legal. The necessary notice had been given of visits to areas outside London, and the British Foreign Office stated there was nothing it could do to prevent visits to these textile workers, who did not realize there was no compulsion to answer questions and that any molestation would entitle them to police protection.

The atmosphere of fear spread among the foreign workers in Britain and questions were asked in Parliament. But there

. . . "The police in Canada found that Soviet agents had secured admission to the country as bona-fide refugees"

is no law against propaganda and only in cases where the secret service agents went too far was it possible to take action. There were some typical cases, illustrating the technique.

Stanislaus Bajder, a staff sergeant in General Anders' Polish Forces settled in Britain after the war. He became an official of the anti-Communist union which looked after the interests of Polish workers in Britain. But his wife and child were still in Poland. He was contacted by agents and threatened with reprisals on his family by the Warsaw government if he did not help to build up dossiers on his fellow refugees. He had spent 12 months in a Russian prison at the beginning of the war and knew what that meant. He agreed to cooperate and through contact men, always using code names, he was ordered to set up headquarters in Manchester. It was there that Special Branch officers found him—and he was deported.

The knocks on the door dreaded by so many refugee workers in Northern England stopped. But only for a few months. Within a year the Cheka had established another "pipeline" to Warsaw supplying names, addresses, and personal details, and the letters and knocks on the door began again.

Since 1950 the Special Branch of Scotland Yard have found at least 13 Poles—since deported—engaged in espionage. They secretly met Polish Embassy officials, the favored meeting place being a taxi. In some cases they were recruited as a result of open or implied threats to relatives in Poland, but in others the Soviet secret service took advantage of the fact that the West has thrown open its doors to refugees to "plant" skilled agents posing as refugees.

These activities are carried out in all countries where there are substantial numbers of immigrants or refugees. Often where cases are brought to light by complaints to the police there are no formal criminal charges but simply deportation proceedings, carried out with a minimum of publicity. In 1953 as a result of complaints by East European immigrants who had been pressed to give secret information on the defense industries, the police in Canada found that Soviet agents had secured admission to the country as bona-fide refugees. They settled near defense industry plants and sought to force into espionage genuine immigrants with relatives behind the Iron Curtain.

The weapon of blackmail has been made more powerful by the fact that under the Yalta Agreement Soviet subjects in Germany at the end of hostilities could be forcibly repatriated when discovered. To avoid this thousands of Russians and satellite citizens—some of whom had collaborated with the Nazis—adopted false names and identities, so that they could remain abroad, and were helped by the "blind eye" of sympathetic Allied officials. As the years passed, a search in the Moscow Index turned up the true identity of some of these exiles and made them ideal material for blackmail, since they were technically living under false pretenses and liable to deportation. In most cases, if the true facts were known to the British, American, or other authorities concerned, the refugees could have the position rectified, but many are understandably fearful of coming forward and telling the truth to get rid of the blackmail.

The Soviet secret service and its creatures in the satellite countries are not likely to relax their pressure on the millions of refugees and immigrants. From those who have lost everything, even their relatives, or have managed to bring them out with them, secret agents get a cold and hostile reception and have little hope of success. Such hopes as they have will grow less with the passing of the years as the immigrants learn their rights as citizens in a free country and the instinctive fear of the knock on the door grows less. But with those who have left behind hostages, the pressure is a strong one and the fear that going to the police will bring the very reprisals it is desired to avoid is real. There are indications that the Soviet secret service is now faced with the fact that the police and counterintelligence organizations of the Anglo-Saxon countries have decided it is not sufficient to wait for complaints to be made but that with many workers from abroad engaged in vital industries, they must take the initiative in protecting them from attempts at terrorization.

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Not only Soviet agents seeking information but also executioners are working amongst the immigrants and refugees.

There are at least seven unsolved murder mysteries in Britain alone, where the victims were Poles, Ukrainians, Czechs, or Lithuanians and in which all the circumstances point to the work of traveling executioners. They include Michael Bazyock, found hanged in a field near Reading in 1949; Waclaw Silko found hanged in the same area in 1950; and Mrs. Irena Tolloczko, who was killed under mysterious circumstances, after receiving a visit from a stranger. At the time of writing it is a year since Father Henry Borynski, 42-year-old chaplain to the community of about 1500 Poles in Bradford, disappeared without trace from his lodgings.

Soviet agents had been particularly active amongst refugees in Yorkshire, and Father Borynski was fearless and outspoken in urging his flock to resist them and not to be afraid. He is listed in the file of "missing persons" and, as in other cases, the police admit that unless a new lead is given by someone, their inquiries have come to a dead end.

No one who knows the methods and record of the traveling executioners can have much doubt that the facts are known in Warsaw and Moscow.

Chapter X

SOVIET SECRET SERVICE AND THE SATELLITES

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TODAY THE SECRET POLICE and espionage departments of the five satellite countries in Europe are either supervised by Soviet officials of the Cheka, or as in Eastern Germany and Albania, run by officials appointed by the Cheka. The Ministries of State Security and Interior Affairs in Poland, Czechoslovakia, Hungary, Romania, and Bulgaria are modeled on the pattern of the MVD, and the Ministers are veteran agents of the Cheka who worked for the Soviet Union for many years and not for their own countries. Men like Bierut and

. . . "Masaryk's death uniquely illustrates the way the Cheka exercised power in the satellite countries"

Radkiewicz in Warsaw, Nosek in Prague, Chervenkov in Sofia, and Draghici in Bucharest were appointed by Moscow eight years ago, and it is noteworthy that they have survived the splits and purges which have torn the Communist parties of Eastern Europe since 1945.

Many of the "national" Communist leaders who had important positions during the liberation period have fallen and been executed. But the Cheka men remain. This has been possible because, as with all Cheka agents, their first loyalty is to the organization, and loyalty to their country or even their party comes a long way behind.

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Satellite Envoys as Spies

Through control of the secret services of the satellite countries Moscow was able to expand the number of its agents working abroad under cover at many more embassies, consulates, and trade missions. In addition to the Soviet Embassy in many countries there are now Czechoslovak, Polish, Romanian, Hungarian, Bulgarian, and even Albanian legations or diplomatic missions, whose members enjoy special privileges. Moreover, every front can be increased sevenfold. The possibility of "friendship societies" and "cultural organizations" is not limited to the U.S.S.R. but can be duplicated with each of the satellites.

To see what this means we have only to record that in 1954 Britain had three military attachés accredited to Moscow, but there were 22 military attachés from Iron Curtain countries in London. The combined number of all-Communist diplomats enjoying full privileges in London was nearly 20 times as large as the number of British diplomats in Moscow. True, Britain also maintains embassies in Warsaw, Prague, and other satellite countries, but the 200 Communist officials are concentrated in a single city, while the British diplomats are spread through Eastern Europe. The same conditions apply to the United States and many other countries.

Instances of Soviet espionage by proxy through satellite agents have been given in previous chapters, notably in connection with the "knock-on-the-door" spies. In 1952 the U. S. Senate Internal Security Subcommittee, inquiring into subversive activities, reported that "the Czechoslovak Embassy and its consulates in New York City and Pittsburgh were bulwarks in the espionage network operated by Moscow." The subcommittee had evidence from Matt Cvetic, an agent of the FBI, who had succeeded in entering the network run by Czechoslovak consul Ervin Munk. He was accepted as a *novator* and was able to pass information to the U. S. counterintelligence. He testified that the Soviet secret service in the United States controlled a "nationality commission" composed of agents in the espionage service of several of the satellite countries, led by from 12 to 18 Cheka agents. Zdenek Palma, the Czech consul in Pittsburgh, was named as a secret agent who had played a prominent part in the nationality commission.

Another case revealing the close link between Soviet and satellite agents was that of Christache Zambeti, first secretary of the Romanian legation in Washington, who was involved in one of the many cases of attempting to recruit informers by blackmail. Mr. V. C. Georgescu, a Romanian who represented an American oil company before the war, had to leave behind in Romania his two young sons. He tried to get permission from the Romanian government for his sons to join him in the U.S.A. for many years, but was always refused on the ground that the boys were Romanian citizens, although their father was an American. Then one day Mr. Georgescu was approached by secret agents who put it to him that if he provided certain secret information about U. S. security, he would be rewarded by his sons being allowed to go to America. Mr. Georgescu refused and informed the FBI. As a result the first secretary of the Romanian Embassy was forced to leave the U.S.A. He was the fourth Romanian diplomat declared *persona non grata* by the U. S. State Department. Two counselors, Gregore Protesea and Alexander Lazareanu, and a clerk, Dimitru Sterian, had already been unmasked as secret agents and expelled.

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That Moscow was able to establish rule by the Cheka in the satellite countries was the result of a policy decided upon long before the end of the war, and it is worth recalling the mistakes made by the West at Yalta and Potsdam which enabled this policy to be put into practice. All the countries which are now satellites were subjugated by Hitler.

At the Potsdam Conference it was agreed that "free and unfettered elections" should take place in the liberated countries. In different ways what seemed fair governments were set up. Moscow knew that it was of little importance what form of government was set up because in every case the Ministries of Interior and Justice, controlling the police and prisons, went to its nominees and because Cheka emissaries or national agents sent from Moscow had infiltrated the police and armed forces. The non-Communist politicians were soon in prison and Cheka men took over.

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Red Capture of Czechoslovakia

When in July, 1947, Jan Masaryk announced that the Czechoslovakian government would consider sending observers to Paris with a view to participating in the Marshall Plan, Klement Gottwald countermanded the move on Moscow's order. It was the beginning of the end. Masaryk was openly accused by the Communists of being an agent of the Western capitalist powers and before Czechoslovakia finally passed behind the Iron Curtain in the spring of 1948, he was liquidated by the Cheka. Masaryk's death uniquely illustrates the way the Cheka exercised power in the satellite countries and is worth describing in detail, as I have had access to documents which show the part Moscow's agents played in Masaryk's strange suicide.

After the great purge trial of the Czech Communist leaders in November, 1952, 11 of the 14 accused, including Rudolf Slansky, the secretary general of the Communist Party, Vladimir Clementis, former Foreign Minister, and General Bedrich Reicin, former Deputy Minister of National Defense, were executed by hanging.

The trial followed the pattern of the great Moscow trials in the late 1930's. Slansky, who as boss of the party organizations had been for years the Czech pocket-Stalin, suddenly confessed that not only had he "spied for the police since 1924, had been a Trotskyite since 1927, an agent of *bourgeoisie* since 1937, and a spy of the Western Powers since 1944," but also that he had murdered Jan Sverma, the Czech

. . . "The Cheka could not completely suppress the truth of Masaryk's death"

Communist hero of the anti-Nazi resistance, and plotted to murder President Klement Gottwald. The confessions of the other accused were in the same vein, with one exception. The accused "André Simone," described at the trial as a "journalist," formerly on the *Rude Pravo*, the Communist organ, was the only defendant who had never held high government office. Simone admitted his guilt but said little else. Before sentence was passed he expressed his hope that "some of his previous services will be considered as mitigating circumstances."

When the executions were announced later the name of André Simone was given last, following those of the ten high officials, ministers, and generals, and it was added that his real name was Otto Katz, an agent of "Jewish bourgeois nationalists." There was no reference to any mitigating circumstances, yet Katz-Simone had done good work for the Communists and the Cheka. I knew him well through my work as special correspondent of British and American newspapers between the wars. He was a man of great charm and intelligence, with many appetites and a great liking for intrigue and conspiracy. He became one of the most cynical and dangerous Cheka agents, probably not for ideological reasons but from an almost pathological desire for power.

The charges against him at the Prague trial in 1952 were more likely than not "framed" by his former Cheka colleagues. But for the role he played in the liquidation of the great European Masaryk he deserved to end on the gallows. He has been accused by some students of the secret history of the Cheka, including Trotsky's widow, of having been involved in the murders of Leon Trotsky and of the German Communist leader, Willi Muenzenberg, who was once his employer. I have no evidence to support this, but it is not unlikely.

Otto Katz was 52 when he was hanged, and he had been a Cheka agent for 22 years. . . .

Masaryk's "Suicide"

When in February, 1945, the Red Army entered Bohemia, it was accompanied by a large mission of Soviet Cheka officials, headed by Colonel of the NKVD, Otto Katz.

Many regarded him as the real power behind the uneasy truce between the Communists and the "bourgeois" parties. In September, 1947, three leading non-Communist ministers were sent time bombs. The police never discovered the senders, which was not surprising as the Minister of Interior and the Prague police chief were both reliable Cheka men. It was widely believed Katz was responsible.

On March 9, 1948, Katz, who had become chief of the Government Information Service, announced:

> The Minister for Foreign Affairs, Jan Masaryk, was found dead this morning in the courtyard of the Czernin Palais, his official residence. He had committed suicide by falling from a window of his study. He had suffered for some time from a nervous breakdown.

Next day Dr. Vladimir Clementis, a former agent of the Soviet secret service, was appointed Masaryk's successor at the Ministry for Foreign Affairs. But neither Katz nor the Cheka could completely suppress the truth of Masaryk's death. This is what happened on that misty spring morning in Prague.

Shortly before 5 A.M. the telephone rang in the home of Dr. Vaclav Teply, police surgeon for the Mala Strana district of the capital. The caller, an official of the Ministry of Interior, told Dr. Teply to go at once to the Czernin Palais, where a serious accident had occurred. Fifteen minutes later, the doctor was led by officers of the "Special National Police"—the Cheka troops of the Prague police—to a corner of the palace yard where a body lay covered by a blanket.

In his statement, which Dr. Teply later dictated to a trustworthy friend, and which he signed in the presence of three other persons, the police surgeon said:

> A security agent pulled back the cover and I recognized with a shock the pajama-clad man as Jan Masaryk. I ordered one of the policemen to open the pajama jacket, and noticed all over the body traces of bruises and scratches that appeared to be marks of violence. I saw in the nape of the neck the mark of a shot wound, probably made by a projectile of 7.65 mm.-caliber. I thought, this is infamous, a bestial assassination!

VLADIMIR CLEMENTIS AND JAN MASARYK
"Masaryk had no illusions as to the fate which awaited him"

A brief examination in the dim light showed that Masaryk was dead. Dr. Teply asked that the body should be carried upstairs so that he could examine the body more thoroughly.

The body was carried into the building, and Dr. Teply followed. As he entered, he noticed among the group of police officers and officials, the Minister of Interior, Vaclav Nosek, the Vice-Minister for Foreign Affairs, Vladimir Clementis, and a civilian who was giving orders. This man was Colonel Otto Katz.

They were standing in a group whispering. Then they hurried into the building to the lift, in which Masaryk's body was taken upstairs. Dr. Teply was told to wait. A few minutes elapsed before the lift came down again, and the doctor

. . . "The greatest single asset of the Soviet secret service in the last 30 years has been the refusal of the ordinary citizens of democratic countries to face the facts about it"

was asked to go to Masaryk's apartment on the third floor. As he entered the room, Dr. Teply noticed that the Minister of Interior, Katz, and other officials were hurriedly straightening chairs, which had been apparently thrown around, and picking up from the floor various articles, including a heavy mug and a bottle. Masaryk's body was laid on the bed. As Dr. Teply began to examine it under the electric light Nosek stepped forward and said, "Don't make so much fuss. This is a clear case of suicide. Write your death certificate." The doctor was taken aback by the abrupt tone of the minister and said that he must establish the injuries which caused the death. "All right, make it quick," Nosek ordered, "but it is obvious that it is suicide." When the doctor tried to disagree, Nosek angrily ordered him to go to the next room, Masaryk's study, and wait there. Before he left he noticed "the civilian" (Katz) carrying a towel on his arm, talking in a low voice to Nosek and Clementis. Dr. Teply heard him saying in Russian, "Don't be stupid fellows . . ."

After 20 minutes Nosek called the doctor to the room, where Masaryk's body was lying, and where now several other officials had assembled. He warned them they must not talk about anything they had seen. "You simply haven't seen or heard a thing. . . !" he said.

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Three months later, on June 6, 1947, a short notice in a newspaper personal column announced that Dr. Vaclav Teply had died. His death was later explained as an accident. He had taken an injection to relieve a severe attack of lumbago, but he had made a mistake and injected a highly poisonous substance. As Beria once said: "Any fool can commit a murder. It takes an artist to make it suicide or accident . . ."

Dr. Teply's deposition, which had been left in the safe keeping of three trustworthy friends, was smuggled out from Prague in 1951, and was published on December 29, 1951, in the New York *Times*. The editor, Mr. C. L. Sulzberger, stated that he has no doubt about the authenticity of Dr. Teply's deposition, having made careful investigation in Prague as to the circumstances in which it was made.

Jan Masaryk had no illusions as to the fate which awaited him. On March 7 he had asked Marcia Davenport, the well-known authoress and one of his oldest friends, who visited him in Prague, to travel immediately to London and to see Winston Churchill. She was to tell Mr. Churchill that Masaryk considered his life in danger and to ask whether Mr. Churchill would help him to escape to Britain. Masaryk also asked Miss Davenport to contact Sir Robert Bruce Lockhart and Sir Orme Sargent of the Foreign Office, whom Masaryk knew well when he lived in London during the war, and to request their assistance. Masaryk knew that he could leave Prague alive only by escaping with the help of British secret agents. But before any assistance could be rendered from London, he was dead—three days after Miss Davenport had gone. This suggests that the Prague Cheka had suspected Masaryk of planning his escape and that his liquidation was hurriedly arranged.

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Most of the Communist leaders who helped to "liberate" Eastern Europe in 1944 did not last as long as Colonel Katz. As soon as the Cominform, the Communist Information Office—a Comintern in miniature, controlling the Communist parties in seven satellite states and in France and Italy—was sufficiently firmly established by the end of 1947, most of them were ousted or liquidated.

By disposing of the "national" Communist leaders, some of whom may not have been as completely servile to the Cheka as Moscow wished, the Soviet rulers made sure that in none of the satellite countries could anything like a Titoist heresy of national Communism take root. The Cheka stays in the countries behind the Iron Curtain to safeguard Moscow's rigid control. Its instrument is the widespread web of Soviet secret agents, who report to Moscow on all events, watch industrial production, political education, the behavior of the military leaders, and every aspect of social life in the satellite countries as carefully as they do it in the countries of the free world. In many ways the Soviet secret agents and their helpers in the satellite countries conduct their activities with no less secrecy than outside the Iron Curtain, with the difference and advantage that they do not have to worry unduly about exposure. The spying is done surreptitiously because the Soviet secret service knows that a large part of the population—particularly in Czechoslovakia and Poland—is strongly opposed to the Communist regime, and because Moscow never trusts even its own friends. By frequent switches of power from one group of Communist leaders to another, Moscow minimizes the danger of national heresies.

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Chapter XI

CONCLUSION

THE ACCOUNT I have given of its organization, methods, and activities has, I hope, convinced the most skeptical that the Soviet secret service is a formidable force, unique in the history of civilization both in its technique and its size. Many of the facts have been known for two decades or longer.

Yet the greatest single asset of the Soviet secret service in the last 30 years has been the refusal of the ordinary citizens of democratic countries to face the facts about it. Many books have been written by men who actually served the Cheka, but their disclosures appeared unreal to readers in the English-speaking countries. The "confessions" of these converts—who admitted of having been Chekists or at least militant Communists for many years—were met, perhaps understandably, with caution and sometimes with doubt or even contempt. The Soviet secret service has also at times been greatly helped by the desire of governments and influential people to hush up matters for the sake of international

. . . "The Soviet secret service relies on the systematic and often cynical use of innocents and dupes . . . Spreading knowledge of the methods and work of the Soviet secret service should receive first place in our defense . . . The counter-intelligence of the democracies has for years been lamentably ineffectual"

good will, political expediency, or tolerance. The methods of the Cheka cannot survive in the light of day. They breed and flourish in secrecy and darkness. For that reason alone every sober and public exposure hampers the Soviet secret service, and trials and inquiries such as those conducted in Canada and Australia serve purposes beyond those of justice. In contrast, sensational denunciations, built up precariously on uncorroborated or doubtful evidence, only assist Moscow to discredit the hotheaded accusers and to create confusion among the citizens of democratic countries. Indeed, I am convinced that the self-advertised Communist-baiters in the United States, whose personal conduct does not inspire particular trust, have caused greater damage to the defenses against the Soviet secret service attack than we can assess at present. They have probably driven thousands of people into "neutralism," or even made them into "sympathizers" with Communism, because to them the witch-hunters' methods and behavior were as repulsive as those of the adversary against whom the "crusade" was mounted. . . .

* * *

The "Amateur" Spies

As I hope this account has made clear, the Soviet secret service relies on the systematic and often cynical use of innocents and dupes. Without hundreds of thousands of amateurs who work for it because they have been induced in one way or another to put their loyalty to Stalinism before their loyalty to their own country and even their own friends and relatives, the professionals of the Soviet secret service would be relatively ineffective. A certain number of the traitors know exactly what they are doing and understand and approve of the methods of their masters. But many, even after betrayals, remain comparatively innocent. They are bewildered to find what they have let themselves in for, and not all the excuses offered by defense counsel at spy trials involving traitors can be dismissed as mere efforts to secure mitigation of sentence.

Spreading knowledge of the methods and work of the Soviet secret service should, therefore, receive first place in our defense. When the revelations of a Petrov or a Khokhlov no longer come as a "surprise" and we accept that the purpose of the Soviet secret service is to build up fifth columns or blackmail citizens into espionage in our own and every other country in as matter-of-fact a way as we accept the fact that the Soviet Union is building tanks or assembling atom bombs, then we shall be on the path to victory. Wider knowledge of the facts, as related in this book, will make it not only more difficult for Soviet agents and native Communists to recruit informers, but will also insure that the spies and traitors will be exposed earlier in their careers than heretofore. This is, of course, a long-term view and in the meantime the great damage that is being inflicted by the Soviet secret service has to be limited by constant vigilance on the part of the authorities.

It must be obvious to readers of this book that the counter-intelligence of the democracies has for years been lamentably ineffectual. At any rate until the exposure of the atomic traitors, there appeared to be little appreciation of the principles, purposes, and methods of Soviet espionage. There was a complete failure to adapt security and counterintelligence techniques to new problems presented by the periodical reorganizations and expansions of the Soviet secret service. The counterintelligence organizations were often hampered, too, by politics—both party and international—so that even notorious Soviet agents, like Eisler, repeatedly outwitted them. Whatever the skill and efficiency of the Western counterintelligence organizations, they were only too liable to be disheartened by the lack of purpose and will of those who controlled them.

Even the series of shocks administered by the trials of the atomic spies, the startling disclosures in the United States, or the disappearance of Professor Pontecorvo, and the "missing British diplomats," did not immediately have the necessary salutary effect. If only a fraction of the allegations disclosed at the many hearings of the U. S. Senate committees were true—particularly if it was correct that high officials of the U. S. administration were Soviet agents—then those in control of the U. S. counterintelligence must have been guilty of staggering dereliction of duty. There was a tendency on the part of some authorities to whitewash the security organizations, while the press and the public tended to concentrate on the psychology of treachery rather than on its mechanics.

Millions of words have been written explaining and analyzing the motives of Fuchs. It is a fascinating subject, but there is the danger of concentrating on the minds and characters of the traitors to such an extent that the detection of their deeds comes to seem unimportant. For instance, hundreds of thousands of ordinary, decent people who were certainly not Communists were ready to sign petitions on behalf of the Rosenbergs, because their personal fate appeared tragic and aroused compassion. But how many gave a thought, not vindictively but *objectively*, to what the Rosenbergs had done and to how they were able to remain undetected for so many years?

Fighting the Red Spy Nets

The official position is now changing. In Britain a new section in the Special Branch of Scotland Yard has been established to compile dossiers of those men and women who are known or suspected of being engaged in espionage. The work was started, perhaps a little late, at the end of 1951 when the Special Branch entrusted a comprehensive check-up to a group of ten police officers led by Chief Inspector Wade. This check-up almost immediately produced good results. I am not giving away any secret when I say that the Directors in Moscow would have an unpleasant surprise if they could learn how much the British authorities know about their networks in Britain. In 1952, within a few months of the check-up, ten aliens were deported from Britain. The figures of deportations in 1953 and 1954 were very much higher. Immigration authorities, too, prevented a considerable number of suspects from entering Britain. And although the policy of the British government not to prosecute every person suspected of espionage still holds good, a

. . . "We have to remain aware that every man who comes through the Iron Curtain, whether as a Soviet diplomat or a visitor, may be a secret agent"

roundup could be carried out, if necessary, in a matter of hours.

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The word "screening" is now used to describe the process of preventing potential traitors from having access to places and information that might be considered targets for foreign agents. The present-day battle of ideologies has probably resulted in such processes coming to stay. But the ever-increasing amount and range of sensitive technical, military, and political information mean that screening has to be applied to an ever-growing number of persons. Each discovery that agents or traitors have slipped through the screen must result in the mesh becoming smaller and smaller. Screening is thus becoming so elaborate that there is some danger of its defeating its own object. It was stated, for instance, that after intensified screening of men engaged in atomic production had been ordered, only 2000 had been interviewed after two years. A considerable number of personnel remained unscreened, while those screened by the end of the two-year period had ample time to commit every felony of which they might have been suspected at the beginning of the campaign. On October 9, 1954, the British government announced that another 7000 civil servants are to be "investigated by a special security procedure as to their reliability in employment on exceptionally secret work." The announcement added that "the estimate that outside the atomic energy field not more than 3000 posts would be involved, has since proved incorrect and experience has shown that further posts would have to be included." The new official estimate is that about 10,000 posts will be subject to the screening procedure.

Where Screening Fails

We may wonder whether screening has not become too much of a routine matter of dates, places, and biographical items, and whether, in this age of ideological conflict, it should not be more imaginative and designed to discover a man's mental stability as well as his past. If potential or actual ideological traitors are to be detected, something more subtle than the usual routine will have to be applied. The screening of Professor Pontecorvo was described as "particularly satisfactory," but did not discover his Communist associations. Dr. Otto John had been recommended by the allied counterintelligence organizations as the ideal man to head the Intelligence Office of the West German Federal Republic—only after the damage was done was it stated that he was "mentally unstable and given to drink."

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It may be taken for granted that the systematic abuse of diplomatic privileges and the use of "cultural" organizations and trade delegations for espionage and subversion by the Soviet Union will continue. From the time that diplomatic missions were first received by Bolshevik Russia, every member from the ambassador down to the humblest clerk was treated in Moscow as if his real purpose was espionage. The inclination in the West was to treat this as xenophobia, spy mania, or merely something to laugh at. The simple deduction that foreign diplomats in Moscow were treated as spies because Soviet diplomats abroad were engaged in espionage would have saved much damage.

The West had to adjust itself to the association of diplomacy and espionage, not by discouraging diplomatic relations, but by insuring they are confined to diplomacy. Members of the Western defense community took a step in this direction when they insisted that Iron Curtain diplomats should be subjected to the same restriction on their movements as their own diplomats in Moscow. It may prove necessary to have the same surveillance, not merely of diplomats, but of all the officials that experience has shown are used for espionage.

Surveillance cannot stop all espionage, but it makes it more difficult, especially the establishing of contact with native informers. But surveillance is extremely expensive in manpower. There are some 4100 diplomats from 26 countries in London and obviously it would be impossible to watch the goings and comings of all of them. But given the necessary manpower it should not be impossible to keep an eye on the 200 or so from behind the Iron Curtain.

As I have shown by many examples, the Soviet secret service has often used official and social intercourse to further espionage. If we believe, as we must, that the greatest hope of diverting the Russians from their set course is to give them every opportunity of seeing and understanding the democratic way of life, then to cut off these contacts would be foolish. The decisive factor in many defections may be fear and unwillingness to return home or the fear of being purged—some of the recent converts, for instance, admitted to having been Beria men—rather than any admiration of the democratic way of life or a sudden falling-out with Communist ideas. But there can be no doubt that a certain number of defections were genuinely due to preference for democratic ideology and our way of life. At the same time we have to remain aware that every man who comes through the Iron Curtain, whether as a Soviet diplomat or a visitor, has been carefully "vetted" by the Cheka, and that he may be a secret agent who regards accepting hospitality as no barrier to preparing the discomfiture of his host.

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"The Cheka Is Vulnerable"

In spite of the almost unbroken success story of the Soviet secret service recorded in this book, and the evidence of its great power, it would be a mistake to paint a picture of unrelieved gloom. The defections from the Cheka, more frequent in recent years, show that in spite of the careful selection, training, and conditioning of its agents, the Soviet secret service is vulnerable. Each trial or inquiry discredits its methods and also its fifth-column helpers within the Communist parties, and serves as a lesson to those among us who still remain gullible. Nor should we assume that all the successes have been one way. It would be unwise to publicize those which have been won by the Western intelligence organizations. But it may be as well to record a statement, made not so long ago by a high-ranking Cheka agent, who had come over to the West, Lieutenant Colonel of the MVD, Burtlitsky, who stated:

> I believe that agents of the Western intelligence have penetrated the government, the army, and the Communist organizations of the Soviet Union, and probably on the highest levels. We were taught [at a Moscow college for MVD officers] that British intelligence is particularly experienced and effective.

RUSSIA'S "BIG DECISION"

BY DAVID LAWRENCE

(The following conversation is imaginary, but the assumptions as to Soviet policy are based on circumstantial evidence available since the death of Stalin.)

AT THE KREMLIN

BULGANIN: We have made many mistakes since 1945.

KHRUSHCHEV: Mostly we have stirred up the United States to build vast armaments.

ZHUKOV: It would be a mistake to fight the United States—a war would be suicide.

BULGANIN: Let's all agree to that. In fact, it should be a cardinal point in our policy not to have any war with America.

ZHUKOV: Will they believe us if we say so?

KHRUSHCHEV: The funny part of it is that we are really sincere on this.

ZHUKOV: I know it. I'll try to convince Eisenhower that it's true.

BULGANIN: We can at least show the world that we do not intend to fight America and that we want peaceful coexistence.

KHRUSHCHEV: The fundamental goal is the success of International Communism. We can control Europe and Asia if the United States is not in our way.

BULGANIN: Our real aim must be to bring about the withdrawal of the armies of the United States from Europe and Asia and the abandonment of their overseas bases. We can accomplish this without fighting—by negotiation and by talking "peace."

ZHUKOV: Exactly how do we go about it?

KHRUSHCHEV: By urging that international conferences be held frequently "at the summit" or at lower levels, by arranging personal missions of the high officials of our countries, by exchanging visits of students and farm groups and newspaper men, by emphasizing that we are a committee government and not a dictatorship, by removing the censorship on news dispatches of foreign correspondents—in fact, by every means that will show our friendliness. This will produce the right kind of "climate" and it will "relax tension."

ZHUKOV: What do you think will be the result?

KHRUSHCHEV: We will surely bring about a reduction of the arms budgets of all the Western countries. Their peoples will never go on spending such big sums every year for armaments if there is to be peace. And we can assure them there will be no war.

BULGANIN: If we only had thought of all this in the five years between 1945 and 1950—and if Stalin hadn't encouraged the mess in Korea five years ago—the Americans would never have built up their big Air Force or spent so much money on the development of nuclear weapons.

KHRUSHCHEV: We must not make the mistake of threatening countries in Europe, either. That only stirs up the Americans. We must play ball with Tito and offer to withdraw our troops from all the satellite countries. We'll get some concessions from the West when we do that. We should make sure that Chou En-lai says repeatedly that China doesn't want war with the United States. Let's play it peacefully all along the line. That's good Party doctrine. Lenin always said that we must adapt our strategy to circumstances and change tactics. We can depend on our good spy system. We can really achieve more by infiltration everywhere than we could get by war. In war, everybody loses—

ZHUKOV: Amen!

KHRUSHCHEV: —and if we can convince the American people that we don't intend ever to fight them, NATO will fall apart—it already is showing weakness—and we will be able to dominate Germany even if it is reunified. That should be our goal.

It's costly—this peace offensive. But our billions of rubles spent annually for propaganda have paid off. Look at the trouble we've been able to stir up in North Africa. French divisions wanted by NATO are being moved away from Europe to Africa. Look at the way we have been able to exploit the tension in the Near East. Look what we've been doing in Malaya and Singapore without involving our own troops. Look how we have scared Nehru into neutralism, and Burma, too. We've got Indonesia in the bag, and Indo-China, too.

ZHUKOV: Will Peiping stay with us?

BULGANIN: Sooner or later we will get Japan by infiltration. That will bind the Chinese to us in self-protection. If we are a bit patient, we'll also bring Chou En-lai into the United Nations. Things are going our way on that now. The Americans are softening up, and the British and French are with us.

KHRUSHCHEV: "Peaceful coexistence" is wonderful—we will slowly but surely, and in the nicest manner, guide the Americans out of Europe and Asia back to their own continent where they belong.

ZHUKOV: You think the Americans will accept all this?

KHRUSHCHEV: Sure, I do.

BULGANIN: Then what are we waiting for?

ALL TOGETHER: Horosho, poidyom! (Translated freely, "OK, let's go.")

The bomb that's built not to explode

THE cylinder below is called an accumulator. It's used in aircraft, principally to store hydraulic pressure for raising and lowering landing gear and wing flaps. The working pressure amounts to 3,000 pounds per square inch—so great that faulty material or construction would cause the accumulator to burst with all the deadly explosive power of a bomb. But *this* bomb is built *not* to explode.

The Parker Appliance Company was plagued with variations in the quality and strength of the steel it was using for these accumulators. Defects showed up after machining, and rejects were running at a high rate. So Parker called in metallurgists of the Timken Company for assistance in solving the problem.

They studied the requirements and recommended a certain analysis of Timken® fine alloy seamless steel tubing, specially heat treated for this application. The result: Since switching to this Timken steel, Parker reports that rejects are a rarity. Each accumulator is tested at 6,000 pounds per square inch—twice its working capacity.

This is one of hundreds of problems that have been stamped "Solved by Timken Alloy Steel". If you have a special steel problem, let our metallurgists help you solve it. Write: The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.

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